The pain in Spain
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FINANCIAL TIMES

Europe's Business Newspaper

WEDNESDAY MAY 19 1993 D8523A

Trial of 12 Soviet coup leaders set to collapse

The trial of 12 leaders of the attempted Soviet coup in August 1991 seemed set to disintegrate after a judge ordered the dismissal of the prosecuting team for prejudging the outcome by publishing a book about the defendants. Page 20

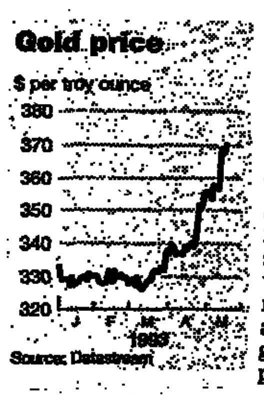
US rift with allies over Bosnia: The gulf between the US and its major allies on Bosnia was underlined when Warren Christopher, the US secretary of state, said Washington considered it impossible to implement the Vance-Owen peace plan for Bosnia "at the present time". Page 20

Steinkühler urged to quit: German politicians and trade union members called for the resignation of Franz Steinkühler, leader of the IG Metall engineering workers' union, from board memberships for alleged insider dealing in shares in a Daimler-Benz holding company. Page 20; Editorial Comment, Page 19

Sicilian Mafia boss arrested: Italian security forces arrested Nitto Santapaola, the most wanted member of Cosa Nostra, the umbrella organisation of the Sicilian Mafia. Page 20

Fosters expands into China: A subsidiary of Foster's, the Australian brewer, announced a A$120m ($85.7m) joint venture with Huaguang Brewery in Shanghai, as it expands into China, the fastest growing beer market. Page 20

British Airways launched a £442m rights issue after a drop in profits and doubling in debt. Annual pre-tax profits, calculated according to new rules, fell 57 per cent to £185m ($284.9m), while borrowings rose to £2.453bn. Page 21; Lex, Page 20



Gold price hits 23-month high
The gold market frothed up again and in late trading the dollar price in London broke through another psychological barrier to close at $370.25 a troy ounce, the highest for 23 months. Traders suggested the price was driven up by the momentum of options activity which created great volatility at key prices. Page 36

Slow train jibe: France's president François Mitterrand mocked Britain for not building a high-speed rail link to the Channel tunnel in time for next year's opening. Page 2

Japan trade surplus up 44%: Japan's trade surplus last month rose 44 per cent year on year to $10.25bn as the yen's appreciation led to a sharp increase in the dollar value of exports, while imports remained weak. Page 6

Westinghouse Electric of the US has finalised two contracts, worth a total of up to $400m to supply technology, equipment and services to the partially completed Temelin nuclear power station in the Czech Republic. Page 8

Saarstahl, the lossmaking German steel group controlled by Usinor-Sacilor of France, filed for bankruptcy after deciding it could no longer sustain heavy losses running at DM30m ($18.6m) a month.

Volvo, the Swedish vehicle group, saw weak markets and higher interest payments lead to an increased loss after financial items of SKr331m ($45m) in the first quarter, compared with a SKr248m loss in the same 1992 quarter. Page 21

Cambodia factions criticised by UN: The United Nations Transitional Authority in Cambodia criticised factions for not co-operating with UN peacekeepers and warned them not to disrupt next week's election. Page 7

Norway whaling quota: Oslo announced a quota of 296 minke whales this year in defiance of an international eight-year ban, but Japan said it would abide by current rules. Page 2

Honda, the Japanese car manufacturer, announced a 32 per cent fall in pre-tax profits and warned that results for this year were also likely to show a significant drop. Page 21

Food share prices fall on BSN: Share prices of leading European food companies fell after BSN, France's largest food manufacturer, said it would cut prices to defend market share. Page 21

Daiwa, Japan's second-largest securities house, posted its first loss since 1964 as the country's leading brokers reported weak earnings. But the houses said the three-year collapse of Tokyo stock prices was over. Page 21

STOCK MARKET INDICES

FT-SE 100:	2847.3	(-10.8)
Yield	4.0	
FT-SE Eurotrack 100	1152.98	(+6.91)
FT-A All-Share	1403.74	(-0.2%)
Nikkei	20229.39	(-336.12)
New York lunchtime:		
Dow Jones Ind Ave	3437.19	(-12.74)
S&P Composite	440.21	(-0.16)

US LUNCHTIME RATES

Federal Funds:	3%
3-mo Treas Bills: Yld	3.055%
Long Bond	$101\frac{13}{32}$
Yield	6.993%

LONDON MONEY

3-mo Interbank	$6\frac{1}{8}$%	(same)
Liffe long gilt future:	Jun $103\frac{13}{32}$	(Jun $103\frac{23}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day (July)	$18.35	(18.395)

Gold

New York Comex (Jun)	$376.0	(368.0)
London	$370.25	(368.2)

STERLING

New York lunchtime:		
$	1.53175	
London:		
$	1.5315	(1.533)
DM	2.4875	(2.4775)
FFr	8.3925	(8.34)
SFr	2.265	(2.2525)
Y	170.75	(same)
£ Index	80.2	(80.0)

DOLLAR

New York lunchtime:		
DM	1.6235	
FFr	5.482	
SFr	1.47755	
Y	111.545	
London:		
DM	1.624	(1.616)
FFr	5.48	(5.44)
SFr	1.479	(1.47)
Y	111.55	(111.45)
$ Index	64.5	(64.3)

Tokyo close Y 111.28

Austria	Sch30	Germany	DM3.30	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Greece	Dr300	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Hungary	Ft172	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lw25.00	Iceland	IKr180	Neth	Fl 3.75	Slovak Rp	KSL45
Croatia	SLT220	India	Rs40	Nigeria	Naira45	Slovenia	HRD5700
Cyprus	C£1.00	Israel	Shk5.90	Norway	NKr16.00	Spain	Pta200
Czech Rp	Kcs45	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Denmark	DKr15	Jordan	JD1.50	Pakistan	Rs35	Switz	SFr3.20
Egypt	E£4.50	Korea	Won 2500	Philippines	Pes45	Syria	S£50.00
Finland	FM12	Kuwait	Fils 600	Poland	Zl 22,000	Tunisia	Din1.250
France	FFr9.00	Lebanon	US$1.25	Portugal	Es215	Turkey	L7000
						UAE	Dh11.00

Denmark votes Yes to Maastricht

By Hugh Carnegy and Hilary Barnes in Copenhagen and David Gardner in Brussels

PAGE 4
- Key to unlock community
- Anti-EC sentiment grows

DENMARK delivered a decisive vote in favour of the Maastricht treaty on European union last night, according to computer predictions and exit polls broadcast on Danish television.

The result came as a huge relief to European Community leaders as well as to the Danish government. Last June's initial rejection of the treaty by Danish voters threw the EC strategy for closer economic and political union into serious doubt.

Computer forecasts of the final result, based on 46.7 per cent of votes counted, showed a win for the Yes campaign by 56.8 per cent to 43.2 per cent, overturning the narrow Danish rejection last June. Yesterday, turnout was estimated at 85 per cent, exceeding last year's 83 per cent.

The prediction was in line with exit surveys by Gallup published as polls closed, which forecast a 57 per cent to 43 per cent victory for the Yes camp.

Mr Poul Nyrup Rasmussen, the prime minister, claimed victory shortly after the first computer predictions were broadcast. "I am happy that it is such a clear result... it is a very important Yes," he said. Mr Niels Helveg Petersen, foreign minister, proclaimed: "This is good for Denmark and it is good for Europe."

Looking forward to the EC summit in Copenhagen next month, which Denmark will chair as current president of the Community, Mr Helveg Petersen said: "Denmark can speak with greater authority."

Ms Drude Dahlerup, spokeswoman of the anti-treaty June Movement, conceded defeat shortly after the first exit polls, saying: "It's clearly a disappointment. It's a historical decision going the wrong way." But she said the size of the No vote showed that "the people are still divided and parliamentarians must listen to all those people who voted against the treaty."

Mr Jacques Delors, the European Commission president, said last night: "This vote can also give a stimulus to the Ccommunity in order to leave behind a period of morosity and inaction, while our continent is shaken by tragic violence, while it faces many internal problems, especially economic stagnation and rising unemployment. For all these reasons, Europe needs a new impulse."

Sir Leon Brittan, EC commissioner for external economic affairs, said: "The Danes have decided after long and detailed analysis that, far from forcing them down the road of an over-centralised and bureaucratic union, the Maastricht treaty will strengthen the ties between European nations without threatening their identity."

The Danish government is expected to unveil today a package of economic measures to expand domestic demand and reform the income tax system which it was holding back until sure of a Yes vote.

France, which last June had initially urged EC partners to brush aside Denmark's rejection of Maastricht, last night welcomed yesterday's vote. The foreign ministry, with an eye to British ratification, said it was most important to implement Maastricht as soon as possible.

The Edinburgh EC summit last December granted Denmark opt-outs from the treaty's provisions on a unified currency, defence policy, community-wide legal and police co-operation and union citizenship. The Edinburgh agreement was backed by more than 90 per cent of the Folketing, the Danish parliament. But opponents argued it was a meaningless excuse to hold a second poll on the treaty, which itself has not been changed.

Officials from Norway and Austria, which along with Sweden and Finland are currently negotiating entry to the EC, were relieved by yesterday's result and hopeful that the change of heart among Danish voters would boost waning Euro-enthusiasm in their own countries.

Mr Henning Christopherson, the Danish commissioner in charge of economic affairs, stressed the need to get on with the second stage of economic and monetary union, due to start next year.

He insisted that Emu and a single currency was still a viable goal by its earliest date in 1997. "I still believe that a majority of the member states could meet the [fiscal and monetary convergence] criteria," Mr Christopherson said. "A lot can be done within the next three to four years," he added.

Danish prime minister Poul Nyrup Rasmussen talks to journalists after casting his vote in the referendum on the Maastricht treaty

Now the real debate on European union begins

By Lionel Barber in Brussels

DENMARK'S decisive Yes to Maastricht will cause the political establishments across Europe to breathe a sigh of relief, ending a period in which the European Community has been in suspended animation.

In the UK, the result should tip the scales decisively in favour of Mr John Major as he pushes the Maastricht bill through its final stages in the UK parliament. Barring an upset in the British or German courts, ratification seems secure.

Yet the Danish Yes is unlikely to end the crisis of legitimacy surrounding the treaty. When EC leaders signed Maastricht in December 1991, they hailed it as point of departure for European political and monetary union; but even the latest Commission polls show public support for European integration is tumbling.

The Danish endorsement does not amount to a true test of public support for European union. The version of Maastricht which Danes approved yesterday contains legally binding opt-outs on core elements of the treaty, including the single European currency, European citizenship and defence policy.

A senior European Commission official declares the treaty will have no obvious impact on the fundamental problems facing the EC such as rising unemployment, low investment, public spending crises in almost all the member states and monetary instability.

The Danish Yes should free the Commission and member-states to focus on the Community's pressing challenges: enlargement negotiations with Austria, Finland, Norway, and Sweden; the political and economic integration of the former communist countries of Eastern Europe; and the issue of European competitiveness in relation to the US and Asia, itself the subject of an in-depth study ordered by Mr Jacques Delors, president of the European Commission.

A senior EC official listed several "tests" for the Community in the coming months: making the single market work, including the removal of lingering restrictions on the free movement of EC citizens; concluding the Uruguay Round in the Gatt trade talks; and ensuring stability inside the European exchange rate mechanism so as to maintain the credibility of the EC to monetary union by 1999 at the latest.

Paradoxically, the Danish Yes may reignite the debate on European union.

The run-up to European Parliament elections next year is an obvious launch-pad; so too the sense among the European federalists that they no longer need worry about frightening the minimalist Danes or the British as they edge toward ratification. Belgium, which takes over the EC presidency from Denmark on July 1, is in the lead.

Last weekend, Mr Philippe Maystadt, Belgian foreign minister, came out in favour of watering down the strict Maastricht "convergence" criteria for monetary union – a move which would allow an inner core of EC member states to move forward to fixed exchange rates but which would alarm the Bundesbank, which has insisted that Maastricht must be respected to the letter.

All this may simply be letting off steam; but it may also suggest that the debate on the future course of the EC may be about to begin. For if Euro-sceptics and Euro-enthusiasts agree on anything, it is that Maastricht settled nothing.

D-Mark hit as quieter ERM looms

By James Blitz in London

THE PROSPECT of a Danish Yes vote weakened the D-Mark yesterday, as international investors concluded that such a result would significantly ease tensions in the European exchange rate mechanism.

Several European currencies, including sterling and the lira, enjoyed strong rises against the D-Mark on the prospects that Denmark's ratification of Maastricht would lead to a period of calm in Europe's fixed exchange rate system.

This reversed a trend of recent weeks in which investors, fearful of another Danish No, sought a safe haven against a renewed threat to European economic and monetary union by buying D-Marks and Swiss francs.

German government bond prices also fell yesterday, to the benefit of Italian and French bonds. In European trading, the pound closed a pfennig higher against the D-Mark at DM2.4875. The lira finished at L909.2 against the D-Mark, up from a previous close of L914.9.

The dollar gained significantly from the D-Mark's weakness, rising more than a pfennig to peak at DM1.6272 in Europe. It later closed in London at DM1.6240.

Currencies, Page 44

Major will aim to complete British ratification by July

By Philip Stephens, Political Editor, in London

MR JOHN MAJOR last night seized on Denmark's endorsement of Maastricht to signal that Britain would now press ahead quickly with ratification of a treaty which has come close to splitting the Conservative party.

The UK prime minister, who has seen his government's authority drained by the bitter struggle over the treaty, voiced hope that his Conservative party would now put its differences behind it. Ministers said the government now hoped to complete the tortuous and bitter ratification process before the summer parliamentary recess at the end of July.

Speaking to businessmen last night, Mr Major said that the ending of the uncertainty surrounding Maastricht would provide a boost to economic recovery in Britain and in Europe. The Community could now go forward as 12 into the next intergovernmental conference in 1996.

But while his party's European "sceptics" acknowledged that the Danish result had severely dented their hopes of wrecking the agreement, they vowed to continue to fight British ratification in the House of Lords and in the courts.

The Maastricht bill will complete its passage through the House of Commons tomorrow. Despite the threat of a rebellion by 40 or more Conservative Euro-sceptics the bill's passage to the House of Lords is guaranteed because of the Labour's party's decision to abstain on the crucial third reading vote.

Lady Thatcher, the former prime minister, and Lord Tebbit, a former cabinet member and Conservative party chairman, will lead another rebellion against the bill in the Lords, but Mr Major is confident they will be unsuccessful. He also expects to defeat a legal challenge from the Conservative Euro-sceptics over Britain's opt-out from the social chapter.

Senior ministers were acknowledging last night, however, that the wounds in the Tory party by the bitter struggle over the treaty will take years to heal.

The government has already been warned by its supporters that any move to take sterling back into the European exchange rate mechanism – as required under the Maastricht treaty – would trigger an even bigger revolt among its supporters.

Better inflation outlook, Page 10

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Alcan's experience with productivity

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FINANCIAL TIMES

Europe's Business Newspaper

MONDAY MAY 24 1993

Bosnia president attacks peace plan as 'carve-up'

Alija Izetbegovic, Bosnia's Moslem president, attacked the international community's plan to split his country into three states to prevent future territorial gains by Serbs, saying the nation had been abandoned to a carve-up. He pledged to use all means to defend the country's sovereignty. Bosnian Serb leader Radovan Karadzic welcomed the plan as the recognition of Serb victory. Page 14; Stop-gap agreement, Page 3; Editorial Comment, Page 13

BCCI charges near: The Abu Dhabi government, majority shareholder of the collapsed Bank of Credit and Commerce International, is close to bringing charges against individuals from the bank who it believes defrauded it of $2.2bn. Page 14; Wembley fixture for creditors, Page 8

European Monetary System: The D-Mark came under pressure and, although still third from bottom in the system, is now only ⅓ percentage point above the French franc, the weakest ERM currency. Expectations of a further interest rate cut in the Netherlands were raised after the Dutch central bank allowed the spread between the guilder and the D-Mark to widen to 59 basis points at the end of last week. The bank has an informal commitment to keep its currency within ¼ percentage point either side of the German currency. Currencies, Page 27

EMS: Grid May 21, 1993

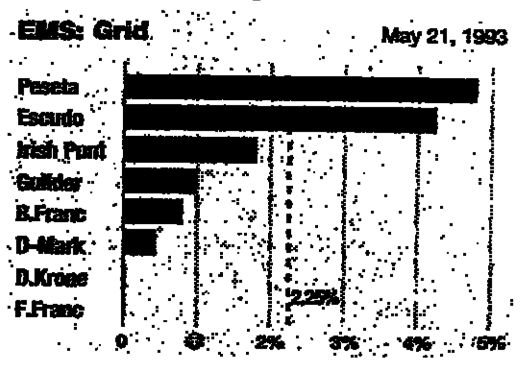

chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. The Spanish peseta and Portuguese escudo operate with 6 per cent fluctuation bands.

Italian scandal widens: Italy's political corruption scandal widened to include the small Republican party with the arrest of Luigi Montella, managing director of the state-controlled Sirti telecommunications group. Page 3

China acts on inflation: Fear of a resurgence of inflation has prompted China's central bank to toughen credit restrictions. Page 14; Hong Kong offers third airport funds plan, Page 4; Unique path towards the free market, Page 15

German steel strike ending: Eastern Germany's three-week steel strike is expected to end tomorrow following a weekend agreement between employers and IG Metall, Germany's powerful metalworkers' union. Page 3

Belgium offers Euro-forces: The Belgian government, which takes over the EC presidency from the Danes in six weeks, is ready to contribute military forces to the "Euro-corps" being set up by France and Germany. Page 2; Where federalism isn't a dirty word, Page 12

Texas endorses UK chip: Texas Instruments, the world's sixth-largest semiconductor maker, is to manufacture and market a UK-designed microprocessor chip for use in cars and portable telephones – a move which could give Europe its first significant success in microprocessors. Page 15

UK rail fares move: The UK government, fighting to avoid defeat over its bill to privatise Britain's railways, may agree safeguards for concessionary fares. Page 8; Editorial Comment, Page 13

Banesto to seek New York listing: Spanish commercial bank Banesto is to seek a listing on the New York stock exchange after it has raised Pta130bn ($1.04bn) in new capital. Page 17

US plan for S African aid: Secretary of state Warren Christopher said the US would work with other leading industrialised nations to help South Africa "re-enter the global economy" once a transitional executive council was in place and a date for multiracial elections was set. Page 6

Mexico's deficit: Mexico reported a trade deficit of $3.64bn in the first quarter, up 7.9 per cent on 1992. The rise is smaller than previous years after a slowdown in import growth. Page 6

Terrorism warning: Moves to increase the cost of terrorism insurance in the UK after last month's bomb in London's business district could leave many companies unprotected from the IRA, say insurers. Page 8

UK chancellor may go: UK government ministers raised the possibility that prime minister John Major may be preparing to replace his chancellor, Norman Lamont, as early as next week. Page 14

BTR plans bottling move: Industrial holding company BTR is expected to announce a £100m ($154m) investment in mainland China's bottling industry via its Australian subsidiary, BTR Nylex. Page 15

Senna wins at Monaco: Brazilian Ayrton Senna won the Monaco grand prix with Briton Damon Hill second and France's Jean Alesi third.

Ministers renew support for exchange rate mechanism despite crisis

Call for EMS warning system

By Lionel Barber in Kolding

EUROPEAN Community finance ministers yesterday backed a call by central bank governors for the creation of an "early warning system" to avoid a repetition of last September's crisis in the European exchange rate mechanism.

The idea is to tighten surveillance of exchange rates and strengthen the consensus among members in favour of timely realignments. It came at an informal meeting in Kolding, Denmark, at the weekend which ended with a ringing endorsement of the European Monetary System.

The UK found no support for its argument that the EMS's exchange rate mechanism contains "fault-lines" which were responsible for the forced exit of sterling and the Italian lira last September.

Mr Norman Lamont, UK chancellor of the exchequer, said in Kolding it would be "two, three years, and possibly even longer" before the UK re-entered the ERM, mainly because of the distorting effects on interest rates of German unification. A senior Italian official suggested that the lira would re-enter the ERM after electoral reform was in place and a new government came to power.

At the meeting, Mr Lamont repeated a call for lower interest rates in Europe and criticised Germany for its tight monetary policy. "There are growing fears about the direction of policy in Europe. We are heading for a recession," he said.

Mr Jacques Delors, president of the European Commission, agreed that interest rates were "unnecessarily high". But he appeared satisfied after EC finance ministers gave him a mandate for putting the debate on growth and employment at the top of the EC summit in Copenhagen next month.

- Governors back flexibility
- Study spreads blame Page 2
- Where federalism is not a dirty word Page 12

Two reports on the EMS – one by the committee of central bank governors and one by the EC's monetary committee, which comprises central bankers and senior national treasury officials – both concluded that the system was fundamentally sound.

The reports both seek to reaffirm collective discipline, noting that in last year's crisis individual member states failed to take the initiative to defend their currencies or take part in a realignment.

The reports blame the crisis on significant economic divergence between member states, a development exacerbated by the shock of German unification which led to an "unbalanced mix" between German monetary and fiscal policy.

However, they make clear that member states failed to heed fundamental economic indicators and take the initiative in realigning their currencies. A central recommendation is, therefore, to create new, confidential procedures to make a persuasive case that a central rate is out of line.

The central bank governors offered to play a role in this surveillance exercise, but the EC monetary committee also put itself forward. It suggested creating a set of confidential economic indicators, primarily on external competitiveness, which member states could then use to put the case for a change in central rates.

These recommendations highlight the future role of the European Monetary Institute – the precursor of a European central bank – which will be set up after ratification of the Maastricht treaty. The institute will have powers to scrutinise member states' economic performance, even those outside the ERM. This applies at present to the UK and Italy.

During the meeting, ministers agreed that there was no need to weaken the "convergence criteria" for European monetary union laid down in the Maastricht treaty.

UN supervisors jubilant at voter enthusiasm in fairest election for 40 years

Cambodians defy Khmer Rouge threat to polls

By Victor Mallet in Phnom Penh

HUNDREDS of thousands of Cambodians, guarded by United Nations troops, flocked to polling stations yesterday in the country's freest and fairest election since independence from France 40 years ago.

Voters braved the threat of attack by Khmer Rouge guerrillas, who have vowed to disrupt the polls, and were undeterred by torrential rain at the start of the monsoon season.

In spite of at least three violent incidents, officials of the UN Transitional Authority in Cambodia (Untac) were jubilant about the electorate's enthusiasm and estimated that at least a third of the 4.8m registered voters went to the polls yesterday.

The voting, which continues until Friday, is the culmination of a $2bn UN operation to bring peace and democracy to Cambodia following an accord signed by the four main Cambodian factions in Paris in 1991.

Cambodians will elect a 120-member assembly, which should draft a new constitution within three months and then give birth to a new government.

The extreme leftwing Khmer Rouge was one of four parties to sign the Paris peace agreement, but it later reneged on the deal, refused to disarm its guerrillas and threatened to disrupt the election.

"I would say the Khmer Rouge have failed today," said Mr Charles Twining, chief of the US mission in Cambodia. "That simply leaves the Khmer Rouge in the forest."

Mr Yasushi Akashi, Untac chief, said the turnout was "very, very gratifying", although he acknowledged that a fifth of Cambodian territory was inaccessible to Untac and the election process because of Khmer Rouge threats.

The two main contenders in the election are the present communist administration – installed by Vietnam when it invaded and overthrew the brutal Khmer Rouge regime in 1979 – and Funcinpec, the royalist party which joined the Khmer Rouge in an uneasy alliance against the Vietnamese occupation until the 1991 peace agreement.

A grim-faced Mr Chea Sim, leader of the governing Cambodian People's party, was greeted with silence when he arrived to vote at a sports stadium in the centre of Phnom Penh. But the crowd cheered when Prince Norodom Ranariddh, the Funcinpec leader, arrived at the same polling station.

Prince Ranariddh, a politics lecturer at Aix-en-Provence, repeated his promise to hand over power to his father Prince Sihanouk so as to unite Cambodia in the event of a Funcinpec victory.

Prince Norodom Ranariddh (centre), leader of the royalist Funcinpec party and son of Prince Sihanouk, leaves a Phnom Penh polling station surrounded by bodyguards and journalists after voting yesterday

"I think my father will be able to talk to the Khmer Rouge and make them reasonable," he said. "They should not feel excluded from the national community."

In the southern province of Kampot about 100 Khmer Rouge

Continued on Page 14

From dictators to democracy, Page 4

Lending by EBRD 'below target'

By David Hellier and Robert Peston, in London

THE EUROPEAN Bank for Reconstruction and Development made commitments to provide just Ecu70m ($85.4m) of loans and investments in the first quarter of this year, according to internal bank documents.

That falls far short of the rate required if the bank is to meet its budget target of commitments of Ecu2bn to Ecu2.6bn in 1993.

Funds actually disbursed in the first quarter were Ecu44m, compared with a budget for the year of at least Ecu694m.

The low rate of lending and investment is highlighted in an internal EBRD report by the bank's Swedish director, Mr Claes de Neergaard, which also contains criticism of its use of private jets and its failure, until recently, to disclose it has a Paris office.

A meeting of the board of directors, who represent the countries and agencies which own the bank, is due today. It is expected to appoint the UK accountancy firm, Coopers & Lybrand, to investigate allegations of overspending on the bank's £55.5m ($85.47m) project to furnish its London headquarters.

Mr de Neergaard is chairman of the bank's audit committee, which will oversee the investigation by Coopers. The audit committee will itself carry out an investigation of the £750,000 spent by the bank in 1992 on private jets.

It will focus in particular on why every private jet flight taken by Mr Jacques Attali, EBRD president, in that year was in aircraft hired from Air Enterprise, a company based at Le Bourget, near Paris.

A report dated May 7 by Mr de Neergaard says the audit committee is not satisfied that flights in private jets are justified on grounds of "cost efficiency". It welcomed Mr Attali's decision to stop all use of private jets for the "foreseeable future".

The audit committee has also asked for a paper to be produced on the bank's office in Paris ahead of any possible renewal of the rental arrangement in June. The rent is currently paid by the

Continued on Page 14

High fliers face scrutiny, Page 8

VW row with GM threatens to develop into court battle

By Christopher Parkes in Frankfurt

THE CLASH between Volkswagen and General Motors, two of the world's leading volume carmakers, threatened to develop into an open court battle after a new outbreak of hostilities at the weekend.

Mr José Ignacio Lopez de Arriortua, VW's production and purchasing director, is to issue a complaint against General Motors, his former employer, to counter legal moves made by the US group against him.

Mr Lopez's professional reputation had been so damaged that he wanted to defend himself legally, a VW spokesman said.

His move followed GM's announcement on Friday that it had filed a legal complaint in Germany against Mr Lopez "for what we believe is the taking of confidential documents".

Officials from the public prosecutor's office in Darmstadt near Frankfurt are expected to question Mr Lopez, his colleagues and representatives of the US concern to find if there are grounds for further action.

The renewed eruption follows successful legal action last month by Adam Opel, GM's German subsidiary, in which it won an injunction preventing VW from poaching its employees. Opel had alleged that some 40 German personnel had been approached by Mr Lopez or his associates.

Mr Lopez, formerly head of GM's global purchasing, with a formidable reputation for cost-cutting, was lured to VW in March by Mr Ferdinand Piëch, VW's new head, who recently announced a DM1.25bn ($77m) loss for the first quarter.

Although VW said that the group had "absolutely no" GM documents, Mr David Herman, managing director of Adam Opel, said responses from Mr Lopez to a series of requests for assurances that he had not taken confidential information had not been "satisfactory".

The news magazine Der Spiegel added to the controversy on Saturday with allegations that Mr Lopez had thousands of documents, including parts purchasing lists and details of all Opel's engine and model plans for the next 10 years. VW dismissed the claims as "untenable and unbelievable".

According to Mr Herman, settling the issue was "of the utmost importance for the future competitiveness of Opel and GM".

His position in GM would have given Mr Lopez, who was recently joined in Germany by six close associates from Detroit, access to a wide range of sensitive information.

He was also involved in a long-term project to build a new cheap car using revolutionary modular construction methods aimed at halving manufacturing time to 10 or 12 hours a vehicle.

Austria	Sch30	Germany	DM3.30	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Greece	Dr300	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Hungary	Ft172	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lw25.00	Iceland	IKr180	Neth	Fl 3.75	Slovak Rp	KSL45
Croatia	SLT220	India	Rs40	Nigeria	Naira45	Slovenia	HRD5700
Cyprus	C£1.00	Israel	Shk5.90	Norway	NKr16.00	Spain	Pta200
Czech Rp	Kcs45	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Denmark	DKr15	Jordan	JD1.50	Pakistan	Rs35	Switz	SFr3.20
Egypt	E£4.50	Korea	Won 2500	Philippines	Pso45	Syria	S£50.00
Finland	FM12	Kuwait	Fils600	Poland	Zl 22,000	Tunisia	Din1.250
France	FFr9.00	Lebanon	US$1.25	Portugal	Es215	Turkey	L7000
						UAE	Dh11.00

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Belgium keen to contribute to Euro-corps

By David Gardner and Andrew Hill in Brussels

BELGIUM is poised to contribute military forces to the Euro-corps being set up by France and Germany, which it sees as a vital building block in constructing a common European foreign and defence identity.

The Belgian government, which takes over the EC presidency from the Danes in six weeks, is expected to give renewed impetus to European integration after a year dominated by the crisis over the ratification of the Maastricht treaty.

But Mr Willy Claes, Belgium's foreign minister, this weekend dismissed recent speculation that the Belgian presidency would push for an early reform of EC decision-making to make it more federal and supranational.

Mr Claes said France, Germany and Belgium had now agreed that the Euro-corps, expected to number around 40,000 by 1995, should be under Nato command and be part of the Western European Union, while its command would rotate between its members.

Mr Claes said he hoped European military co-operation could be pulled together by 1996, when the Community is due to hold its next review of Europe's integration. According to Maastricht, ratification of which was unblocked last week by approval in the Danish referendum and the UK House of Commons, 1996 is also the date at which reform of EC decision-making will be examined.

More streamlined decision-making, implying less room for national vetoes, is seen as the inevitable consequence of the EC taking in new members.

Despite speculation that Belgium will insist on institutional reform talks now, Mr Claes said it would be "logical, democratic and fair play" to wait until the new members were in. Sweden, Austria, Finland and Norway are all negotiating entry by 1995. But he added that the goal of the Community "is not an economic one but a political one. We need an open debate and a sincere debate in Scandinavia and in Austria on this target."

He said the Belgian presidency's "very pragmatic" priorities would be to develop the common foreign and security policy and EC co-operation on emigration and asylum foreseen by Maastricht; to accelerate the enlargement negotiations; "a serious effort" to combat recession and unemployment; and preparing the second stage of economic and monetary union, due to start in January.

Mr Claes insisted that recent remarks by his colleague, finance minister Mr Phillipe Maystadt, that Emu's tight fiscal convergence criteria might have to be reviewed, "have been exaggerated".

"What Maystadt said was that if the recession drags on, the figures [which set limits on budget deficits and public debt], not the criteria, may have to be reviewed," he said.

European industrial output 'to fall 3.9%'

By Daniel Green

EUROPEAN industrial output will fall by 3.9 per cent this year as a mood of pessimism sweeps the continent's big four economies, according to a report published today.

The production decline in Germany, France and Italy will be even sharper than the average as UK output will rise, says a review from DRI-McGraw Hill, a forecasting company. Even when growth returns it will average only 2.1 per cent over the next five years, compared with 3.6 per cent in 1986-1990.

Some sectors will do well. Communications services will grow 4.7 per cent a year, with financial services and pharmaceuticals on 3.9 and 3.7 per cent respectively.

But caution and tough competition in world markets means that "many investment decisions have either been postponed or cancelled, seriously affecting the level of demand for capital goods".

A slowdown in construction will stifle growth in metals, cement, glass and ceramics.

Meanwhile, overcapacity will see iron and steel output growing by just 0.8 per cent a year over the next five years.

DRI-McGraw Hill cut its forecast for growth in sectors where Europe excels, such as electrical equipment for industry and mechanical engineering. Their annual growth projection over the next five years is 2.1 per cent, against a forecast a year ago of 3.8 per cent. Aerospace equipment is also expected to decline.

EC monetary committee believes EMS is fundamentally sound

Currency crisis study spreads blame

By Lionel Barber in Kolding, Denmark

EUROPEAN Community member states must rediscover a consensus on the conduct of economic policy if the European monetary system is to return to long-term stability, according to a report by the EC monetary committee on last year's exchange rate crisis.

The report, considered at an informal meeting of EC finance ministers in Kolding, Denmark, at the weekend, spreads the blame for the crisis, which saw the pound and the lira ejected from the European exchange rate mechanism, and successive devaluations of the Spanish peseta, the Portuguese escudo and the Irish punt.

In a 12-page analysis of the crisis, the report concludes that there is nothing fundamentally wrong with the EMS – but the members must play by the rules.

● Germany is criticised for financing German unification through borrowing – a choice which led inevitably to a tight monetary policy and an "unbalanced" policy mix, with repercussions for the rest of Europe.

● The UK is criticised implicitly for failing to raise interest rates at an early date and in a decisive manner.

● Italy's devaluation is blamed on a failure to get a grip on the government deficit, while Spain saw a significant and cumulative deterioration in its competitive position which undermined the credibility of the peseta rate in the ERM.

A key recommendation is that the EMS should adapt its internal rules so that member states can take the initiative to encourage a currency realignment.

Jacques Delors, European Commission president, and Marianne Jelved, Danish finance minister, at the Kolding meeting

The report states that existing EMS procedures leave the initiative to the member state whose currency is under attack – a situation which clearly proved unsatisfactory during last autumn's exchange rate crisis.

The call for new procedures mirrors a central theme in the report: that the onus is on the targeted member state to take appropriate action to defend its currency using available instruments, such as interest rates.

The report also implicitly limits the obligation of central banks to support individual currencies, even when a currency comes under speculative attack in spite of sound economic fundamentals.

"The other member states will determine to what extent and how they can support these efforts through appropriate voluntary actions," the report says.

This statement appears to dilute the obligations of central banks as set out in the 1987 Basle-Nyborg agreement. Here there is at least a presumption in favour of member states whose currencies are targeted without obvious justification.

The report comes down firmly against automatic rescue operations by the central banks, declaring that large and prolonged intervention "may even have a destabilising effect and they can thwart monetary policy in creditor countries".

A central recommendation in the report is the need for frank communication between member states on exchange rate matters and the possible need for a realignment – a recognition of the communications breakdown last autumn which ended in Black Wednesday with the forced exit of the pound and lira from the ERM.

The monetary committee would like to create a confidential set of indicators to ensure that misalignments in exchange rates are detected as early as possible.

"They would not be thought of as 'warning lights' and they would certainly not dictate the outcome of the investigation. They should include, primarily, measures of external competitiveness," says the report.

The next step would be to change EMS procedures so that member states could take the initiative. "In future, they should provide for the situation in which other member states consider that a central rate is out of line. In these cases, there is a need for confidential procedures."

In a separate passage, the committee also calls for "plain speaking", a "confrontation on policy issues" and a critical probing of forecasts and policy intentions – a clear admission that the run-up to last year's exchange rate crisis was marked by a breakdown in communication among the member states and, by implication, within the monetary committee itself.

The monetary committee stresses that stability in the EMS depends on the credibility of economic policies in all member states. Although strengthening the process of "convergence" on economic performance is essential for the stability of the EMS, it "may not be enough unless accompanied by an improved co-ordination of economic policies and a continued commitment to defend the system as a common good".

The report serves notice that re-entry into the ERM can only occur after "careful preparation" and "by mutual agreement, with regard to the time and the conditions".

In particular, it says that central rates should be reached "in a common procedure". This marks a break with the past when the UK chose to enter the ERM in 1990 at a rate of DM2.95 without previous consultation with its EC partners.

Bank governors back more ERM flexibility

By Lionel Barber

THE European exchange rate mechanism needs to be more flexible and central parities must be accompanied by credible national economic policies, according to a report by the committee of EC central bank governors on last autumn's exchange rate crisis.

The central bankers' report criticises member states for failing to make timely currency realignments and calls for a regular "candid and frank" dialogue on the sustainability of existing ERM parties.

The committee also expresses sympathy for the much-criticised Bundesbank's policy of maintaining high interest rates in the aftermath of German unification: "A tight monetary stance was the necessary response to counter price increases, leaving little scope for interest rate reductions."

A central theme in the report is that the European monetary system should not be managed as a de facto monetary union. This would be premature as the necessary degree of economic convergence has yet to be achieved between member states.

The ERM remains the designated vehicle for European monetary union as set out in the Maastricht treaty; but the central bankers make clear in their analysis of the crisis that there is no substitute for credible national policies in support of price stability.

"Realignments of central rates remain an important feature of the system and provision must be made for timely realignments when parities have become unsustainable in the light of a country's macroeconomic performance and its current and future policies."

The central bankers concede that the assessment of ERM parities is an extremely difficult task. The report refers to "broad agreement" in the committee in favour of tighter surveillance of exchange rate relationships, a kind of early warning system.

The idea is to help to prod member states toward a consensus on the sustainability of central rates or the desirability of a timely realignment. "The committee stands ready to play its role in this surveillance exercise and to devise procedures for communicating its view to ministers."

The bank governors come down decisively against automatic responses to market tensions, such as symmetrical action on the part of authorities of countries with weaker and stronger currencies.

Though they do not rule out intervening on an ad-hoc basis, the governors draw a clear line. Support will be forthcoming provided it does not jeopardise the control over domestic monetary conditions in the country issuing the intervention currency and that it is consistent with the primary objective of achieving price stability in the Community.

Bundesbank monetary stance was 'necessary response'

This appears to meet objections from the Bundesbank that its support interventions in favour of weaker currencies – particularly in favour of the British pound and the Italian lira last September – risked jeopardising control of its domestic money supply.

The governors say the ERM crisis confirmed that interventions – even where they were before the currency hit its margins – have only a limited effect in containing instability and may even exacerbate it if prolonged.

"Timely increases in interest rates remain the most promising course to counter market pressure," the report says. But it concedes that prolonged high interest rates may not be sustainable if member states are in recession.

The report declares that making market operators aware of the risks and possible losses from speculation is critical to managing the ERM. One option could be to allow a currency to strengthen within its fluctuation band when market pressures ease; another option is to use an element of surprise when offsetting the liquidity impact of exchange rate intervention in the money markets.

The committee expresses caution about any possible changes in the width of the fluctuation bands for the weaker and stronger currencies of 2¼ per cent and 6 per cent respectively.

The committee notes that decisions on the band should be preceded by "close consultation", taking account of the same factors as those considered when the sustainability of the parity grid is examined.

Also, the central bankers note that recent large-scale interventions financed through the short-term financing facility – that is, unlimited intervention financed in Ecus when exchange rates are at their limits – resulted in "substantial" losses for participating countries. Accordingly, the committee says it intends to study ways to change the present arrangement, taking account of the need to preserve an Ecu-based system.

Lastly, the central bankers attack politicians (and occasionally the monetary committee) for making empty promises on currency parities.

It voices "strong doubts about the usefulness of collective public statements in support of the existing central parities if not backed by immediate action. Experience has shown that such statements may fail to have a positive impact on market expectations and could also be damaging to the credibility of the authorities.

"However, when combined with decisive and visible action, demonstrating the authorities' determination to defend central rates, statements may play a useful complementary role," the report says.

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Deal mends rift between allies but does little for permanent settlement

Stop-gap agreement on Bosnia

By Robert Mauthner, Diplomatic Editor

THE main achievement of the agreement reached at the weekend by the US with its European allies and Russia is that it momentarily heals the rift between them over what to do next in Bosnia.

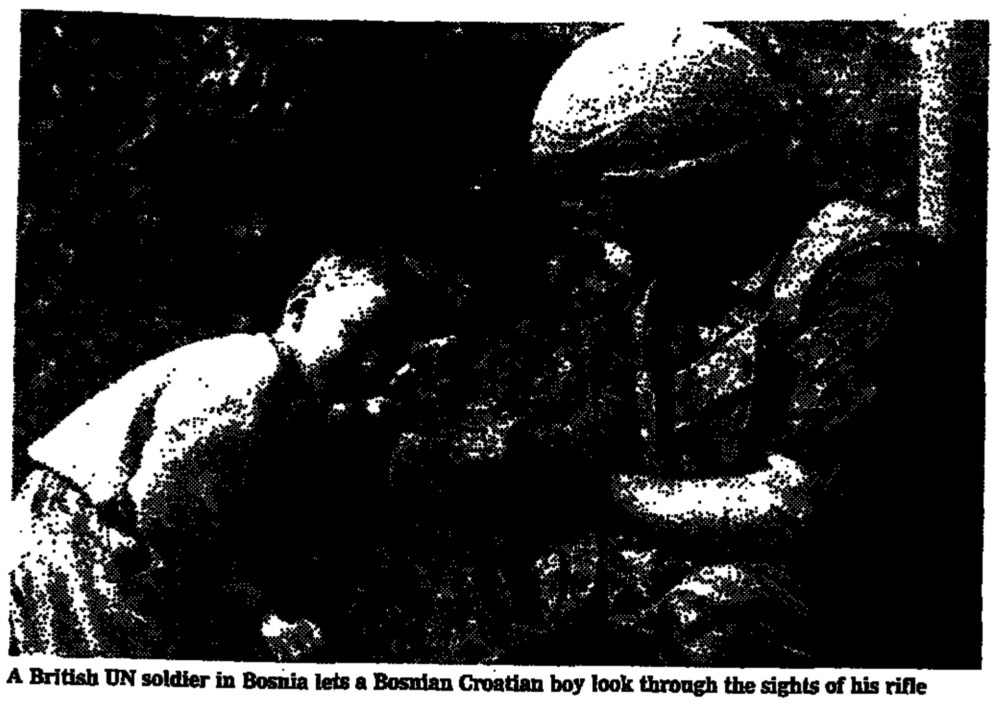
Yet it is clear that the joint plan of action is no more than a stop-gap measure which, while it might damp down the fighting and protect Moslem communities in a number of UN "safe areas", does very little to provide the basis for a permanent political settlement.

No more than lip-service is paid in the final communiqué to the Vance-Owen plan for a division of Bosnia-Hercegovina into 10 semi-autonomous provinces based largely on ethnic criteria. The Bosnian Serbs' total rejection of the plan, and the less than lukewarm support it has won from Washington, has virtually relegated the plan to the already overflowing archives of unsuccessful Balkan peace projects.

It can, as the communiqué from the Washington talks emphasises, still form a building block for a negotiated "durable" peace settlement, which remains the objective of the countries attempting to find a solution to the Bosnian conflict. But the prospect of anything more than a partial implementation of the Vance-Owen proposals has become very slim indeed.

Communiqués usually try to put the most optimistic gloss on the outcome of the meetings which they describe.. But the Washington communiqué merely states that "to the extent that the parties decide to implement promptly mutually agreed provisions of the Vance-Owen plan, this is to be encouraged." It has recently been conclusively demonstrated that the main provisions of the plan cannot be mutually agreed.

Though the ultimate objective of the Washington participants remains "the withdrawal of Bosnian Serb troops from territories occupied by force", there is no mention in the communiqué of the precise area to be given up, as there is in the Vance-Owen plan. The phraseology employed is reminiscent of UN Security Council resolutions on the Arab-Israeli conflict, which have remained largely a dead letter for more than two decades.



A British UN soldier in Bosnia lets a Bosnian Croatian boy look through the sights of his rifle

Nor are any radical new measures proposed to achieve such a withdrawal. US President Bill Clinton has been unable to persuade his allies to accept either the lifting of the UN arms embargo against the former Yugoslavia in favour of the Bosnian Moslems or "surgical" air strikes against Bosnian Serb military targets. The emphasis will remain on a tightening of UN economic sanctions against Serbia and Montenegro and the sealing of their borders with Bosnia, which, it is hoped, will eventually force the Bosnian Serbs to adopt a more reasonable position.

However, it is not even certain that the proposal to place international monitors on the Serbian-Bosnian border – reiterated by the participants in the Washington meeting – will be accepted by President Slobodan Milosevic of Serbia. According to some reports from Belgrade, Mr Milosevic, while promising to seal the border with Bosnia, has rejected the idea of international monitors. Nor does he appear to be making good his promise to block military and other strategic supplies across the Bosnian border.

One of the most positive aspects of the new plan is the formal endorsement by the main powers of the concept of "safe areas" in Bosnia-Hercegovina to protect the Moslem population from further expulsions and atrocities. But even this idea has been seriously weakened by the refusal of the US, which remains sceptical about the whole concept because of the danger that havens could become no more than huge "refugee camps", to commit ground troops for their protection.

Washington's promise to protect UN forces in safe areas – though, significantly, not Moslem civilians – from attack only by the use of air power falls far short of what its European allies would have liked.

Mr Alain Juppé, the French foreign minister, has openly expressed his "disappointment" at the refusal of the US to commit any ground troops to the UN's operations in Bosnia, while Mr Douglas Hurd, the British foreign secretary, has said the UK is not prepared to increase the number of troops – some 2,500 – it already has in Bosnia.

Though the Russians have promised to provide an unspecified number of ground troops for the Bosnian operation, it may prove difficult to make up the required number, given the small number of countries with forces qualified for such a task.

More important, the refusal by the US to contribute ground troops to the UN Protection Force in Bosnia, coupled with the European nations' rejection of any kind of military intervention, will undoubtedly remain a bone of contention between the western allies.

The net result of this can only be a weakening of the political message which they are trying to send the Bosnian Serbs.

Sirti chief arrested in Italian investigations

By Haig Simonian in Milan

THE impact of Italy's political corruption scandal widened sharply at the weekend with the arrest of Mr Luigi Montella, managing director of the state-controlled Sirti telecommunications group.

The arrest followed allegations by Mr Davide Giacalone, a former civil servant in the Posts and Telecommunications Ministry, whose testimony triggered a wave of arrests of senior private-sector telecommunications executives last week.

The latest allegations focus on the small Republican party, which has managed to remain relatively untainted by the corruption scandals so far. The new testimony, widely leaked, alleges the Republicans used their limited ministerial representation in the former Andreotti government as an important source of funds

Mr Giacalone's testimony alleges L9bn (£3.8m) in kickbacks was paid between 1987 and 1990 by various telecommunications companies to Mr Oscar Mammi, a senior Republican politician and former post minister. Mr Giacalone, arrested this month, was an adviser to Mr Mammi.

Mr Montella's arrest marks the first involvement of the huge public-sector Stet telecommunications group in the corruption inquiries. Sirti is the network engineering subsidiary of Stet, the holding company for all Italy's state-owned telecoms activities.

Mr Montella is accused of corruption relating to a contract from ASST, the former telecommunications agency controlled directly by the Post Ministry.

The new allegations have led to both Mr Mammi and Mr Giorgio La Malfa, the former Republican leader, being told by magistrates they could face prosecution for accepting illicit funds and for illegal party financing. Mr La Malfa has already been told he is under investigation over separate, less serious, allegations of receiving illegal political contributions.

According to Mr La Malfa,the sums received from Mr Giacalone were far smaller, and always presented as voluntary contributions to the party, which are not outlawed.

In separate inquiries, Mr Franco Castiglione, a Socialist senator, was told by magistrates he could face prosecution over alleged kickbacks on contracts for Olivetti computers for the Justice Ministry. Mr Castiglione was a junior minister in charge of improving the use of information technology for magistrates in 1990-1991.

Naples magistrates investigating links between local magistrates, lawyers and organised crime have also extended their inquiries to include Mr Alfredo Bargi, a Christian Democrat senator and well-known local lawyer. The Naples inquiries have so far resulted in 11 magistrates being placed under investigation.

● Socialist party leaders are due to meet tomorrow to elect a successor to Mr Giorgio Benvenuto, the party leader who resigned last week after complaining of insufficient support from many MPs.

The committee may elect Mr Ottaviano Del Turco, the former deputy head of the CGIL trade union federation, as a compromise leader.

The party, which has been severely implicated in the corruption scandal, risks breaking apart because of divisions between those, such as Mr Benvenuto, who want to distance it from Mr Bettino Craxi, its former leaders, and less reformist MPs loyal to Mr Craxi.

IMF tells Greece to continue reforms

By Kerin Hope in Athens

GREECE is at last tackling the structural problems that have undermined the economy over the last decade, but perseverance will be needed to achieve convergence with the rest of the European Community, according to the International Monetary Fund.

"After years of hesitant starts, structural adjustment gained substantial momentum in 1992, especially in privatisation, deregulation and financial and public sector reform," the IMF said in its annual report on the Greek economy.

However, the confidential report also pointed out that inflation, now 16.2 per cent, is still much higher than elsewhere in the EC, while revenue raising remains a pressing problem.

The IMF said the government should take immediate measures to ensure that this year's target of a primary budget surplus, amounting to 5 per cent of gross domestic product, can be achieved, following a serious shortfall in revenues in the first quarter.

The government has ruled out introducing new taxes ahead of next spring's election, but is preparing spending cuts that would reduce public investment this year and trim subsidies to state-controlled enterprises.

The report added that further spending curbs would be needed next year, focusing on "cost-cutting in the government and the broader public sector, with a vigorous attack on overmanning".

Despite pledging to cut 50,000 public sector jobs by 1994, the government has made little progress on reducing the civil service payroll, swollen by patronage appointments.

The report also called for a more determined effort on privatisation, despite political opposition, in order to bring down the public debt, now at around 120 per cent of GDP.

The IMF warned against any relaxation of the stabilisation effort.

E German steel strike nears end

By Judy Dempsey in Berlin

EASTERN GERMANY'S three-week steel strike is expected to end tomorrow following an agreement reached at the weekend between the employers and IG Metall, Germany's powerful metalworkers' union.

The 7,000 steel workers who have been on strike since mid-May, mostly in Brandenburg, will be balloted tomorrow. If they accept the deal, it will bring to an end a wave of strikes which threatened to paralyse eastern Germany's industrial sector.

Under the terms of the agreement, forged after 13 hours of negotiations, the equalisation of eastern and western German pay levels for the steel sector has been postponed by two years, to April 1996. Until then, wages will reach 80 per cent of western German levels, beginning next month instead of last April, and will rise to 90 per cent in October 1994.

At present, incomes in eastern Germany's loss-making steel sector are 60 per cent of western German levels.

The agreement is modelled, with modifications, on the Saxony compromise, agreed 10 days ago between employers and IG Metall's metal and electrical sectors. However, the employers can exercise an opt-out, or hardship clause for those enterprises which cannot afford the proposed pay rises. IG Metall had rejected the Saxony compromise as a model for the steel sector on the grounds that it failed to iron out the income differentials between eastern Germany's steel, metal and electrical industries, even though parity among these two sectors does not exist in western Germany.

The formula agreed yesterday maintains this income differential, but gives the steel industry in eastern Germany a slight edge over the metal and electrical sectors in terms of income parity with its west German counterparts.

Chinese want to see project built to schedule

HK offers third plan for funding airport

By Simon Holberton in Hong Kong

THE Hong Kong government has passed to China a third set of options for financing the colony's HK$165bn (US$21.2bn) airport and related infrastructure developments. Officials gave no details of the new financial plan but said it was given to Chinese government officials a few weeks ago.

The timing of the proposal appears to have coincided with senior Chinese officials' remarks that they wanted to see the airport built according to schedule.

Since the first financial plan was given to the Chinese more than a year ago, the airport has been hostage to an agreed Sino-British solution to Hong Kong's political development.

News of the new plan comes amid signs of markedly better Anglo-Chinese co-operation on economic aspects of Hong Kong's development which have followed the resumption of bilateral talks about the colony's future political arrangements.

Late last week the Chinese government approved three business franchises which span June 1997, the date when China resumes sovereignty of Hong Kong. There are also indications that Beijing may re-enter discussions on the development of the colony's container port.

Last March the Hong Kong government presented its first financial plan to Beijing for the colony's planned new airport.

It envisaged a small up-front equity injection into two government corporations charged with building the airport and its connecting railway, with the remainder funded by debt. An implicit guarantee to fund unanticipated cash deficiencies, known as callable equity, was also promised.

China rejected this financial plan, claiming that it breached a memorandum of understanding signed in 1991 and placed a financial burden on the colony's post-1997 government.

Last September, the government proposed substituting most of the debt allowed for in its first plan with equity.

Beijing rejected this proposal and told the Hong Kong government to think again.

Tony Walker adds from Beijing: China and Britain agreed to resume discussing the wider issue of Hong Kong's future later this week after their third round of discussions in Beijing ended yesterday without apparent breakthrough.

A joint statement said that a fourth round would be held on May 28-29 in Beijing. Sir Robin McLaren, Britain's ambassador to Beijing and head of his country's negotiating team, described the atmosphere of the latest round as good. "The work we're doing is quite complicated," he said. His remarks indicated the two sides may have moved on to more substantial discussions.

The first two rounds were dominated by a Chinese restatement of "guiding principles" for a resolution of the Hong Kong issue.

Beijing has charged that a proposal advanced by Governor Chris Patten for Legislative Council elections goes beyond understandings reached with London on Hong Kong's transition to Chinese rule in 1997.

EC envoys cancel Tibet banquet

By Tony Walker in Beijing

EUROPEAN Community envoys visiting Tibet abandoned a planned banquet at the weekend for their Chinese hosts in protest over the arrest of Tibetan dissidents.

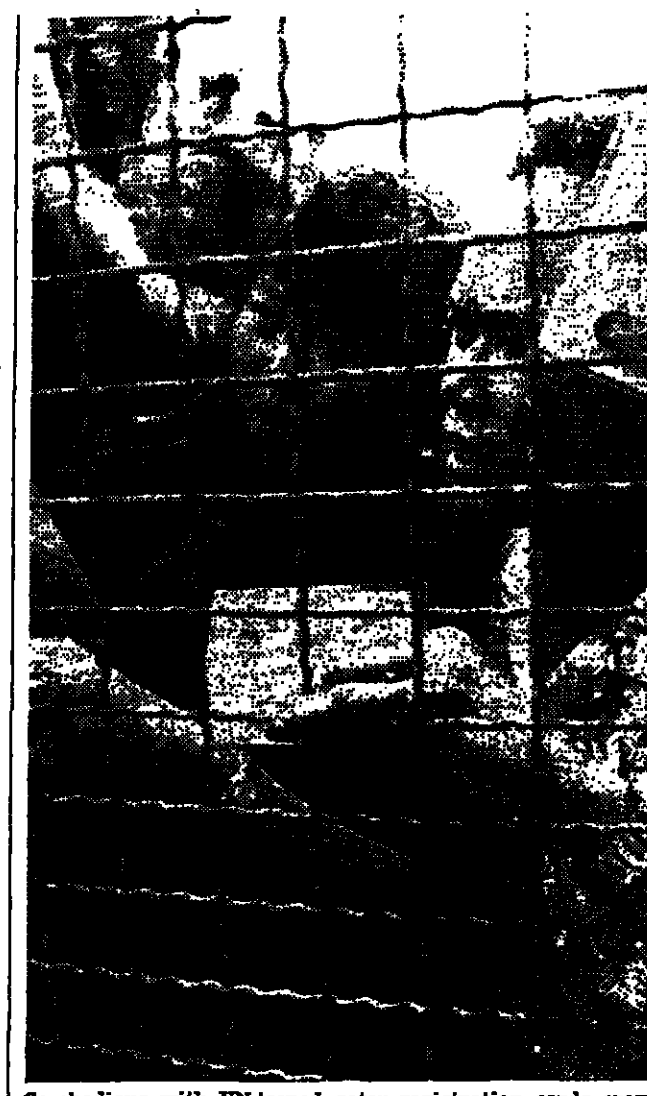
In Beijing, Ambassador William Friis-Moeller of Denmark, leader of the EC delegation, said it would have been "inappropriate" to hold the banquet in view of the arrests.

Negative publicity associated with the EC mission in Tibet is likely to prove an embarrassment for the Chinese. Beijing had been seeking a favourable account of conditions in Tibet to balance recent bad publicity about alleged human rights abuses there.

The EC mission is preparing a report which will be presented to their governments by the middle of this week.

The EC envoys had spent about a week in Tibet at the invitation of the Chinese authorities.

The diplomats were due to hold a reciprocal banquet for Chinese officials in Lhasa on Saturday before their return to Beijing yesterday.



Cambodians with UN-issued voter registration cards crowd against a fence at a polling station in Phnom Penh yesterday

Cambodia poll puts Untac's chief to the test

By Samantha Marshall in Phnom Penh

THESE are anxious days for Mr Yasushi Akashi, the 62-year-old Japanese diplomat who heads the United Nations Transitional Authority in Cambodia (Untac). His reputation depends on the success or failure of this week's UN-organised general election.

As Cambodians go to the polls after 19 months of UN efforts to implement the peace plan signed in Paris in 1991, many of Mr Akashi's critics inside and outside Untac are blaming his apparent indecisiveness and policy of patient diplomacy for the UN's failure to disarm the warring factions or bring peace to the country.

But Untac's mandate was to monitor a ceasefire rather than enforce one, and Mr Akashi was blocked at almost every turn by the intransigence of the Khmer Rouge, which reneged on the peace accord and threatens to disrupt the elections, and by the unwillingness of the government in Phnom Penh to yield control to UN administrators.

One of the turning points of Untac's mandate was in June last year, when Mr Akashi and Gen John Sanderson, Untac's Australian military commander, declined to insist on the UN's right to enter Khmer Rouge areas. Gen Michel Loridon, Gen Sanderson's forceful French deputy, left Untac, complaining that it should have called the Khmer Rouge's bluff and if necessary take on the Khmer Rouge militarily even if it meant the loss of perhaps 200 men.

Mr Akashi disagrees. "I have no authority. I am not at liberty to sacrifice 200 good soldiers, even 20 soldiers," he said in an interview at Untac headquarters. "We have to remain within the mandate given to us by the Paris agreement and by the UN Security Council.

"We are not a group of heroic soldiers. We're not a group of Joan of Arcs here. We are here based on the willing consent of four Cambodian parties, who in their free will agreed to accept a number of political obligations. But some of the parties act as if they have forgotten the instrument which they signed in good faith in Paris."

Asked whether it might not have been better to have changed Untac's mandate to give it more powers of enforcement, Mr Akashi said there was little support for such a move from governments contributing to the peacekeeping forces, especially those from Asia and Australia. "Use of force in a domestic conflict can be extremely messy and bloody."

He added: "With the end of the cold war we thought the golden age of peace would arrive but it has not arrived and we are faced with Somalia, Yugoslavia, Afghanistan. We are seeing how persistent the domestic route of conflict is."

Mr Akashi accepts the need for some kind of continuing UN presence after the scheduled departure of Untac in August, but is worried about Cambodia becoming too dependent on outside help.

"I do not like the spectre of Cambodia becoming a second Cyprus," he said. "I'm torn between the desire to help Cambodia and Cambodian people longer – to see to it that some of the reforms and the policies we have started will be completed – and my desire not to make this country and the Cambodian people feel too dependent on external influence.

"If the new government of Cambodia wishes, I think the Security Council will respond favourably to establishing some kind of small UN presence... In the meantime the reconstruction projects will continue and be expanded even. The World Bank, the IMF and the Asian Development Bank will come in, but they are waiting to see whether peace and stability in Cambodia after the elections will be secure enough..."

Responding to his critics, Mr Akashi denied he was merely a practitioner of "patient diplomacy". "No, I think I am not that patient," he said. "I combine patience and impatience. If you are not patient you will not get things done, but unless you are impatient nothing will move, so you have to have appropriate combinations of both."

From dictators to democracy

Political debate returns after decades, writes Victor Mallet

IN the 40 years since independence from France, Cambodia has known little of democracy until this week.

When Prince Norodom Sihanouk was in power in the 1950s he stifled and persecuted parties which opposed him; Lon Nol, who overthrew the prince in 1970, was a dictator. The Khmer Rouge leaders who came to power in 1975 were ruthlessly authoritarian and killed 1m Cambodians, and the regime installed by Vietnam in 1979 was a one-party state modelled on the Soviet system.

The United Nations Transitional Authority in Cambodia (Untac) has nevertheless tried to introduce western-style democracy following the signing in 1991 of the Paris peace accords by the four main Cambodian factions. UN volunteers have fanned out across the country to preach the message.

For the first time in decades, Cambodians have been exposed to a spirited debate between politicians at hundreds of election rallies around the country. Nearly 4.8m people have registered to vote.

In some respects the policies of the 20 parties in the election are indistinguishable. Many are run by exiles who live in France, Thailand or the US. Most call for peace and reconciliation and are broadly hostile to Vietnamese immigrants. Most recommend a free market economy but are otherwise vague on economic and financial policy.

The chief distinction between the leading contenders is over whether to isolate and destroy the Khmer Rouge or to attempt to accommodate them – as the UN did with so little success – in a new government. The main parties in Cambodia are:

☐ **Cambodian People's party.** The Communist party behind the present administration in Phnom Penh. Installed after the Vietnamese invasion which overthrew the Khmer Rouge in 1979, it has failed to receive international recognition, something it hopes to gain by winning this week's election.

The party claims to be the only organisation strong enough to combat the Khmer Rouge menace. There are fears it will be reluctant to hand over to opposition parties if it loses at the polls. Mr Chea Sim is the party leader.

☐ **Funcinpec.** The royalist party regarded as the main rival to the CPP. Created by Prince Sihanouk in 1981 to oppose the Vietnamese occupation, the party is now led by his son Prince Ranariddh, a university professor at Aix-en-Provence. It is the best-financed and organised of the opposition parties with offices throughout the country.

Funcinpec's policy is to hand over substantial powers to Prince Sihanouk and seek accommodation with the Khmer Rouge, with which it had an alliance against the Vietnamese occupiers until the 1991 peace accords.

☐ **Buddhist Liberal Democratic party.** Led by Mr Son Sann, an 81-year-old former Cambodian prime minister, the BLDP could be an important third force in the new assembly. The party emerged from the Khmer People's National Liberation Front, the US-backed faction which signed the Paris accords. Like Funcinpec, it was allied to the Khmer Rouge during the Vietnamese occupation but is now almost defunct as a military force. Mr Son Sann The party has committed itself to resisting the Vietnamisation of Cambodia, to opposing any return of the Khmer Rouge and to fighting corruption.

☐ **Khmer Rouge.** Known to its supporters as the Party of Democratic Kampuchea, the Khmer Rouge has rejected the election. The organisation signed the Paris peace deal but has reneged on the agreement by refusing to disarm its guerrillas and vowing to disrupt the voting.

Pol Pot, the infamous Brother Number One, is still regarded as the Khmer Rouge leader, although Mr Khieu Samphan is technically party chief.

هكذا من الأصل

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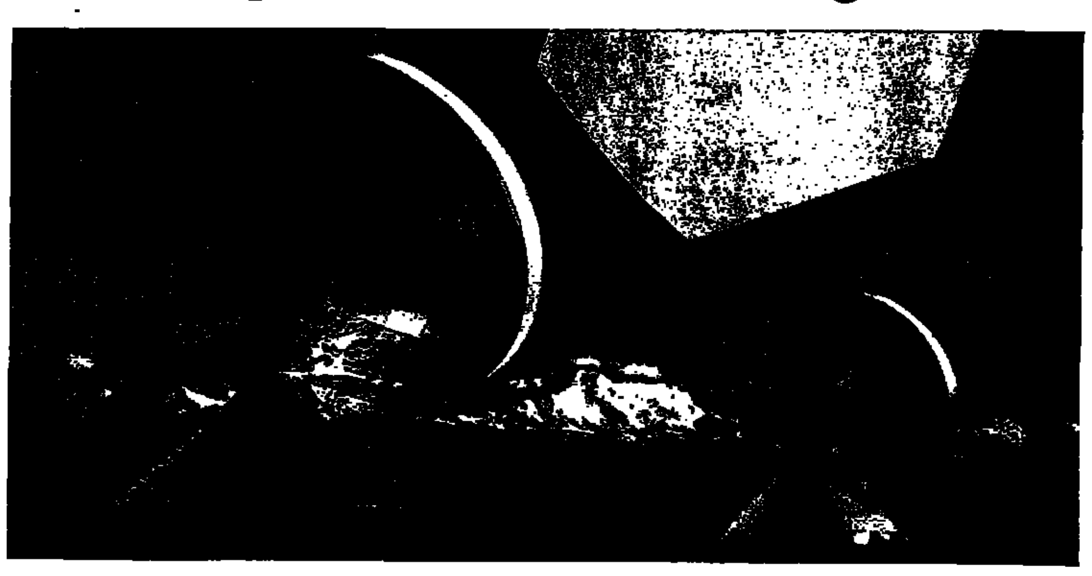

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US plans economic aid for S Africa

By Jurek Martin in Washington

THE US is prepared to work with other leading industrialised nations to help South Africa "re-enter the global economy" once its transition to a non-racial democracy is firmly on track.

In the first speech by a secretary of state exclusively devoted to Africa policy since the end of the cold war, Mr Warren Christopher said that the US-led effort, in which it expected co-operation from others in the Group of Seven leading industrial nations, would begin once a transitional executive council has been put in place and a firm date for elections set.

Before that, Mr Christopher went on: "we have urged the World Bank and the parties in South Africa to begin planning now the projects that will lead to economic growth." He hoped US businesses would be in the vanguard of investment in South Africa.

He had special praise for both Mr Nelson Mandela and President F W de Klerk for the "monumental achievement" of making free and fair elections possible. "That election will echo around the African continent and across the world as a roaring triumph of human rights," he said.

Mr Christopher placed his commitment to assist the South African economy firmly in the context of the promotion of democracy throughout the continent. "That is why President Clinton chose to invite the first president of a democratic Namibia, Sam Nujoma, as the first African head of state to be recognised at his White House."

Elsewhere in his speech, he bluntly referred to President Mobutu Sese Seko of Zaire as an example of "corrupt dictators" but he singled out no other African autocrat, preferring instead to praise unnamed "courageous democrats" from Senegal to Benin and Madagascar to Mali, and to warn that "the US will take human rights into account as we determine how to allocate our scarce resources for foreign assistance".

The Christopher speech, commemorating the 40th anniversary of the Africa-America Institute, was to have been the stage for announcing US recognition of the former Marxist government of Angola. That, however, was pre-empted by Mr Clinton earlier last week.

His overall message, which he called a New Relationship, was that the US saw its role as one which could "enhance but not erase" African solutions to African problems.

This, he argued, had at last been made possible by the end of the cold war. "Thankfully, we have moved beyond the point of adopting policies based on how they might affect the shipping lanes *next* to Africa rather than the people *in* Africa."

● The African National Congress called for an inquiry into the deaths of at least 13 people after clashes on Saturday in Thokoza township near Johannesburg between ANC supporters and those of the Inkatha Freedom party, Reuter reports from Johannesburg.

"The massacre is a national tragedy," ANC regional chairman Tokyo Sexwale said. "Yet again our people have been turned into victims of senseless violence by forces who survive on the bloodletting of our people."

At least 10 blacks were killed and up to 70 wounded on Saturday when pro-ANC marchers clashed with Zulu-speaking migrant workers at a hostel on the march route.

A South African policeman opens fire on pro-ANC marchers at Thokoza on Saturday

Caracas leader faces row over term of office

By Joseph Mann in Caracas

VENEZUELA'S opposition parties have launched an offensive over how long acting President Octavio Lepage should stay in office, just three days after being sworn in.

Mr Lepage, backed by his Democratic Action Party, wants to stay in office for 90 days or more. But the opposition says he should have no more than 30 days and a joint session of congress should elect a new president from its members before then. As a former senator, Mr Lepage would presumably be eligible.

Mr Lepage, a veteran politician, took over as caretaker president after the senate decided there were grounds to impeach President Carlos Andrés Pérez, who was suspended from his duties. Mr Pérez was due to complete his five-year elected term on February 2 1994, but now must face charges of mishandling government funds.

Ex-president Rafael Caldera, a leading candidate in presidential elections scheduled for next December, said the congress should vote within a week on a new president, and warned that he would demand an opinion from the supreme court if Mr Lepage tried to stay longer than 30 days.

While Venezuela's constitution clearly defines a presidential succession procedure in case of the death or resignation of a sitting chief executive, it is not precise on the question of a temporary presidential absence.

Mr Lepage has served as acting president for short periods under two previous governments. Constitutionally, he is first in line to replace a sitting president as chairman of the Senate, and as such chairman of the National Congress.

Mr Lepage served as minister of the interior under President Pérez during the latter's first presidential term in the 1970s, and under President Jaime Lusinchi, who was in office from 1983 to early 1989. In these posts, he was made acting president when the president went abroad. He has served in Congress for many years, first as a deputy then as a senator.

Dunkel warns on protectionism

STRONG-ARM tactics by big countries to impose policies on others could endanger the world trading system, Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, said in South Korea this morning, apparently referring to the US, Reuter reports from Geneva.

Unless the Uruguay Round talks on trade liberalisation were wrapped up this year, he told the Pacific Basin Economic Council in Seoul, they might never be completed.

"We see for example attempts to impose domestic environmental or labour standards on other countries through trade measures, and attempts to open markets through bilateral pressure rather than in multilateral negotiation," Mr Dunkel said. "This bilateralism is a threat to open regional arrangements as much as it is to the open multilateral system."

Mr Dunkel said he was disturbed by "a new flirtation with protectionism in some of the world's leading economies" and a questioning of the value of an open trading system.

This was especially alarming, the former Swiss diplomat said, because hopes for a modest recovery in the world economy "hinge on the prospects for growth in trade".

His main criticism was clearly aimed at President Bill Clinton's new team and sections of the Democrat-controlled Congress which argue for tough tactics to achieve Washington's trade objectives.

Mr Dunkel said Mr Clinton's request to Congress for renewed negotiating authority in the round until December 15 was encouraging, and urged leaders of the industrial powers meeting in Tokyo in July to work for that deadline.

In a sign that he was far from convinced it could be met, he warned that "all of the old protectionist interests are still out there ... waiting for their chance at a comeback and all too happy to borrow some respectable clothes".

Discord over US pressure on Nafta

By Bernard Simon in Toronto

MEXICO and Canada are at odds with the US over accords on environmental and labour standards which would form part of the North American free trade agreement (Nafta).

Following a three-day negotiating session in Ottawa, Mexico and Canada expressed misgivings over Washington's demands for measures to enforce the accords and for sanctions for non-compliance.

Nafta is due to come into force next January. However, the Clinton administration wants to stiffen the environmental and labour provisions of the agreement to counter fears that low Mexican wages and weak anti-pollution standards will attract many US companies to Mexico.

Canada and Mexico are concerned that US companies may use environmental and labour disputes as a pretext for broader trade complaints. The two governments also contend that a separate enforcement mechanism could undermine the provisions of Nafta.

Mexico restrains growth in imports

By Damian Fraser in Mexico City

MEXICO posted a trade deficit of \$3.64bn (£2.36bn) in the first quarter, up 7.9 per cent on 1992. The rise is smaller than previous years and follows a sharp slowdown in import growth.

Imports reached \$15.38bn in the first quarter, a rise of 10.3 per cent, compared to growth rates of 20-30 per cent last year.

Exports rose to \$11.75bn, 11.1 per cent more than the same period last year, with manufacturing exports performing particularly well.

The trade numbers come on the back of an unexpectedly favourable increase of 2.4 per cent in gross domestic product in the first quarter. Some sectors, such as textiles and apparel, and metals and machinery, suffered from high interest rates and tight fiscal policy, while construction rose 7.6 per cent and services were up by 2.6 per cent.

For March the government reported a trade deficit of \$1.23bn.

NEWS IN BRIEF

Israel jobs move for Palestinians

THE Israeli cabinet yesterday allocated 30m shekels (£7m) to create 20,000 jobs in the occupied territories for Palestinians barred from entering Israel since the closure order was issued almost two months ago, writes our Jerusalem Correspondent.

The cabinet rejected left-wing ministers' calls for the introduction of unemployment pay for tens of thousands of Palestinians who are being kept away from their jobs in Israel since the closure began.

The growing hardship in the occupied West Bank and the Gaza Strip is attracting increasing international criticism. The US, which sees chances for progress in the Middle East peace process ebbing away, called on Israel over the weekend to ease conditions.

NZ and Australia stress links

New Zealand and Australia sought at the weekend to underline their commitment to co-operation, particularly in trade, after a three-day visit to New Zealand by Mr Paul Keating, Australian prime minister, writes Terry Hall in Wellington.

Mr Keating spelled out a vision of "companionability" for the trading future between the two countries, adding that the "main game is our integration in the Asian-Pacific region".

On defence, Mr Keating apparently failed to secure agreement for New Zealand to spend more, and was also unsuccessful in his calls for the country to patch up its differences on nuclear ship visits with the US under the Anzus pact.

There was agreement on pensions integration, and the two leaders said they would facilitate moves on air travel between the two countries to allow people to use domestic terminals by the end of the year.

Congo postpones second poll

Congo postponed the second round of parliamentary elections until June 6 because of delays over first-round results, and the opposition threatened to boycott the poll, Reuter reports from Brazzaville.

Results of the first round, held on May 2, were announced last week. They gave the Presidential Movement of President Pascal Lissouba a clear lead with 62 seats in the formerly Marxist country's 125-seat National Assembly.

Uttar Pradesh governor removed

India's federal government yesterday removed the governor of Uttar Pradesh, a key northern state where Hindu extremists demolished a mosque last December, Reuter reports from Lucknow. Mr B. Satyanarain Reddy was replaced by Mr Moti Lal Vohra, President Shankar Dayal Sharma's office announced.

Nearly 2,000 people were killed in riots after the mosque demolition.

Congress leaders of Uttar Pradesh have been demanding Mr Reddy's removal since the razing of the mosque. They suspect him of loyalty to the Hindu nationalist Bharatiya Janata Party (BJP) government which was ruling in the state at that time.

Cuba and Russia boost ties

Cuba and Russia have agreed to try to boost their flagging bilateral economic ties and signed a memorandum outlining joint trade, production and investment initiatives in sugar, oil, machinery parts and fertilisers, Reuter reports from Havana.

Cuban state media said the memorandum outlined ways for the two countries to put their trade relations on a new footing by setting up joint ventures and production-sharing initiatives.

Iran warns Iraq over rebel raids

An Iranian military commander warned Iraq his forces would chase Iranian rebels back to their bases inside its territory if they continue cross-border raids against the Islamic republic, Reuter reports from Tehran.

Brigadier General Mohammad Ali Jafari, commander of the Islamic Revolution Guards Corps ground force, made his comments in an interview published yesterday by the Jomhuri Islami newspaper.

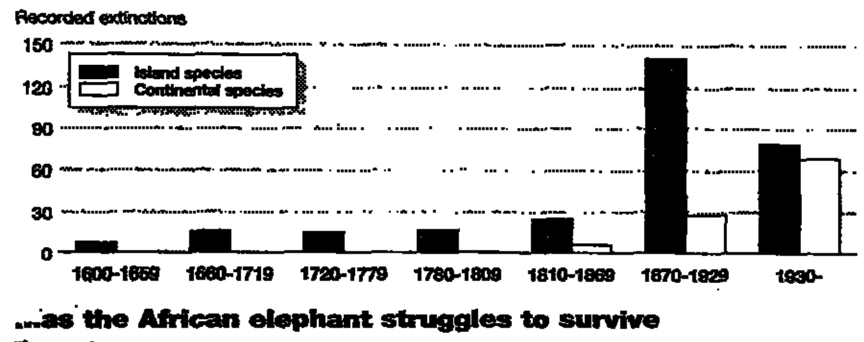
Egypt signs two oil deals

Egypt signed two oil deals with Italian Agip's Egyptian arm, International Egyptian Oil Company and one with British Gas, an oil official said yesterday, Reuter reports from Cairo.

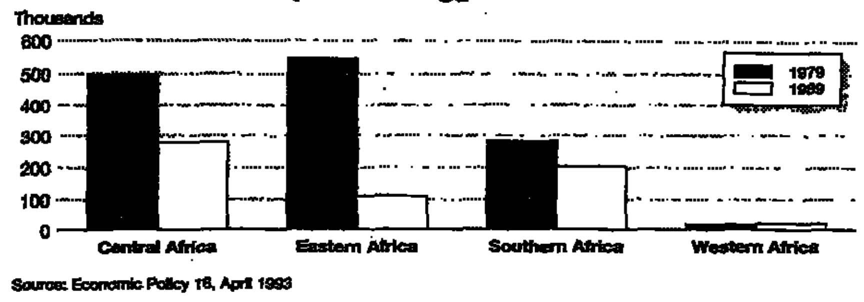
The state-owned Egyptian General Petroleum Corporation said it would spend \$22m and sink five wells in the Belayim area of the Gulf of Suez over seven years.

The second agreement rationalises existing concessions into one agreement and extends them until the year 2020.

The toll of extinct species mounts across the world...



...as the African elephant struggles to survive



Source: Economic Policy 16, April 1993

Trade bans may save the whale, but not the elephant

BIO-DIVERSITY is the environmental lobby's latest buzz-word. Translated, it means the more species, the merrier. But this diversity appears to be under threat, at least according to statistics compiled by the World Conservation Monitoring Centre, which purport to show that species extinctions have risen rapidly over the past century. Humans cannot be blamed for the demise of all species, the extinction of the dinosaur being one obvious example. Let us accept, however, both that biodiversity is worth preserving and that it is human beings who are responsible for the rise in extinctions in recent decades. What can be done to reverse the trend?

The standard response, enshrined in numerous international conventions, is to ban economic exploitation of endangered species. Such a ban is the mechanism that the International Whaling Commission has used for over 40 years in its efforts to reverse the collapse in the number of blue and hump-back whales. A fortnight ago, at its 45th annual meeting, the IWC decided not to lift its ban on commercial whaling.

The Convention on International Trade in Endangered Species (CITES) hopes that by banning ivory trade it can reverse the demise of the African elephant, whose numbers halved between 1979 and 1989, implying a loss of over 700,000 elephants. The ban was imposed in 1989 and reconfirmed a year ago, despite opposition from southern African governments.

Do such trade bans work? Not always, argues Mr Timothy Swanson in the latest issue of *Economic Policy*. A ban on commercial fishing may be an effective way of protecting threatened oceanic species from excess farming, he argues, but halting trade in elephant products is not.

Whales are threatened with extinction for three reasons: they breed slowly; they are cheap to catch relative to the market price for whale products; and access is available to anyone with a boat and the necessary expertise. If access to whale farming were controlled by quotas, their numbers could theoretically be stabilised. In practice, a ban on commercial whaling is a more effective way of reducing the economic return for fishermen and thus discouraging their capture. But the success of this policy for preserving the whales depends on the assumption that, left to their own devices, whales would breed freely and flourish.

The same argument does not apply to elephants, which do not have the luxury of living in huge oceans. The survival of land species, especially such large and potentially destructive animals as elephants, depends on the willingness of humans to preserve their habitat. This depends on their economic return, compared to other land uses.

It is because investing in elephants has not been sufficiently profitable, at least in the poorest African states, that elephants are threatened. While the proximate cause for the decline in the number of African elephants in recent years seems to be the availability of high-power weapons and the relatively lucrative ivory trade, elephants were killed in large numbers because government did not find it profitable to stop the poachers. In the 1980s, four countries alone – Tanzania, Zambia, Zaire and Sudan – lost 750,000 elephants. All spent less than \$20 a year per square kilometre on park management. Zimbabwe, by contrast, spent \$194 and saw its elephant stock rise by over 20,000.

Little wonder that the higher spending governments of southern Africa are arguing for the ban on the ivory trade to be lifted. Banning trade reduces the incentive for African countries to keep poachers out of the parks or to preserve elephant-friendly habitats. If African elephants are to be saved, the economic return on elephant farming must be increased, rather than lowered, perhaps by granting export quotas to countries willing to invest in keeping the poachers out. Free trade in ivory may not be environmentally friendly, but neither is a trade ban.

Edward Balls

Timothy Swanson, "Regulating endangered species", Economic Policy 16, April 1993. Cambridge University Press.

INTERNATIONAL ECONOMIC INDICATORS: **BALANCE OF PAYMENTS**

Trade figures are given in billions of European currency units (Ecu). The Ecu exchange rate shows the number of national currency units per Ecu. The nominal effective exchange rate is an index with 1985=100.

UNITED STATES

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	279.8	−174.2	−159.7	0.7623	100.0
1986	230.9	−140.6	−150.0	0.9836	80.2
1987	220.2	−131.8	−141.6	1.1541	70.3
1988	272.5	−100.2	−107.0	1.1633	66.0
1989	330.2	−99.3	−91.8	1.1017	69.4
1990	309.0	−79.3	−70.9	1.2745	65.1
1991	340.5	−53.5	−3.0	1.2391	64.5
1992	345.8	−64.1	−48.2	1.2957	62.9
2nd qtr.1992	86.8	−16.9	−14.4	1.2717	63.6
3rd qtr.1992	80.6	−17.7	−11.4	1.3831	60.1
4th qtr.1992	91.5	−17.4	−17.4	1.2658	64.2
1st qtr.1993	95.8	−21.8		1.1841	66.4
May 1992	28.4	−6.0	n.a.	1.2676	63.8
June	29.2	−5.2	n.a.	1.3039	62.3
July	27.3	−5.5	n.a.	1.3693	60.5
August	25.9	−6.2	n.a.	1.4014	59.8
September	27.3	−6.0	n.a.	1.3786	60.2
October	29.4	−5.5	n.a.	1.3210	62.1
November	30.5	−6.3	n.a.	1.2372	65.1
December	31.6	−5.6	n.a.	1.2391	65.3
January 1993	31.3	−6.4	n.a.	1.1968	66.4
February	31.4	−6.7	n.a.	1.1767	66.7
March	33.1	−8.7	n.a.	1.1789	66.2
April			n.a.	1.2214	64.3

JAPAN

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	230.8	76.0	64.5	180.50	100.0
1986	211.1	96.2	86.5	165.11	124.4
1987	197.3	86.1	75.5	166.58	133.2
1988	219.8	80.7	66.6	151.51	147.3
1989	245.3	70.5	52.4	151.87	141.9
1990	220.0	50.1	28.3	183.94	126.0
1991	247.4	83.1	62.9	166.44	137.0
1992	254.8	101.8	89.8	164.05	142.9
2nd qtr.1992	63.9	26.1	23.1	165.60	139.9
3rd qtr.1992	61.5	23.7	20.1	172.79	139.6
4th qtr.1992	65.2	26.9	24.8	155.57	149.7
1st qtr.1993	72.8	29.9	30.6	143.41	158.5
May 1992	21.1	9.6	8.8	165.57	138.7
June	21.3	8.3	6.3	165.32	141.7
July	20.5	8.1	6.9	172.22	139.2
August	19.9	7.4	5.9	177.11	137.0
September	21.1	8.2	7.2	169.05	142.5
October	21.3	8.9	7.7	159.93	148.2
November	22.1	9.1	9.3	153.22	150.3
December	21.7	8.8	7.8	153.57	150.7
January 1993	23.3	8.9	7.4	149.62	151.3
February	24.0	10.4	9.3	142.00	159.2
March	25.5	10.6	13.8	138.61	164.4
April				137.17	167.8

GERMANY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	242.8	33.4	21.7	2.2260	100.0
1986	248.6	53.4	40.3	2.1279	108.8
1987	254.3	56.8	39.8	2.0710	115.3
1988	272.6	61.6	42.9	2.0739	114.6
1989	310.2	65.3	52.3	2.0681	113.5
1990	323.9	51.8	37.2	2.0537	119.1
1991	327.4	11.2	−16.2	2.0480	117.7
1992	330.3	16.4	−19.9	2.0187	121.2
2nd qtr.1992	81.1	3.6	−5.2	2.0511	118.7
3rd qtr.1992	83.9	6.4	−6.4	2.0221	122.1
4th qtr.1992	82.1	3.4	−4.1	1.9533	125.0
1st qtr.1993				1.9348	125.8
May 1992	26.5	0.8	−2.1	2.0551	118.4
June	25.1	0.6	−2.1	2.0498	119.1
July	28.3	1.0	−3.8	2.0410	120.7
August	27.7	3.1	−0.7	2.0326	122.0
September	27.8	2.3	−1.8	1.9927	123.6
October	28.6	2.4	−1.3	1.9564	125.7
November	26.8	0.9	−0.3	1.9634	124.0
December	26.7	0.0	−2.5	1.9581	125.3
January 1993	25.8	1.3	−2.7	1.9327	125.3
February			−2.7	1.9318	125.8
March				1.9399	125.7
April				1.9483	125.5

FRANCE

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	133.4	−3.6	−0.2	6.7942	100.0
1986	127.1	0.0	3.0	6.7946	102.8
1987	128.3	−4.6	−3.6	6.9265	103.0
1988	141.9	−3.9	−3.4	7.0354	100.8
1989	162.9	−6.3	−3.6	7.0169	99.8
1990	170.1	−7.2	−7.2	6.9202	104.8
1991	175.4	−4.2	−4.7	6.9643	102.7
1992	182.4	4.3	2.1	6.8420	108.0
2nd qtr.1992	46.2	1.5	0.9	6.9122	104.4
3rd qtr.1992	45.2	0.9	0.0	6.8536	106.6
4th qtr.1992	45.5	1.0	2.3	6.6529	109.3
1st qtr.1993				6.5633	110.0
May 1992	15.0	0.59	1.38	6.9090	104.5
June	15.4	−0.16	−0.54	6.9001	104.9
July	15.5	0.87	−0.16	6.8872	106.0
August	14.2	−0.45	0.25	6.8944	106.3
September	15.6	0.49	−0.04	6.7792	107.6
October	15.1	0.11	0.99	6.6368	110.0
November	15.1	0.05	0.13	6.6426	109.0
December	15.3	0.85	1.14	6.6793	108.9
January 1993	13.7	0.48	0.69	6.5539	109.7
February				6.5442	110.3
March				6.5919	109.9
April				6.5875	110.5

ITALY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	103.7	−16.0	−5.4	1443.0	100.0
1986	99.4	−2.5	−1.4	1461.6	101.4
1987	100.7	−7.5	−2.1	1494.3	101.2
1988	108.3	−8.9	−8.0	1536.8	97.8
1989	127.8	−11.3	−17.0	1509.2	98.6
1990	133.6	−9.3	−18.0	1523.2	100.6
1991	137.0	−10.5	−28.9	1531.3	98.9
1992	137.9	−8.0	−11.0	1591.5	95.7
2nd qtr.1992	35.8	−3.6	−2.9	1546.3	98.5
3rd qtr.1992	32.9	0.5	−5.5	1584.6	88.2
4th qtr.1992	34.9	0.0	0.0	1719.4	87.1
1st qtr.1993			−4.9	1827.9	80.5
May 1992	11.5	−1.9	−0.9	1546.6	98.5
June	12.7	−0.5	−1.0	1550.3	98.5
July	13.9	0.8	−1.9	1546.2	99.5
August	7.7	1.1	−1.5	1543.4	100.1
September	11.3	−1.4	−2.0	1604.1	95.0
October	12.4	0.1	1.5	1723.8	87.3
November	10.8	−1.2	−0.9	1687.0	88.7
December	11.6	1.1	−0.6	1747.5	85.5
January 1993	9.7	0.4	−3.1	1784.9	82.5
February			0.6	1822.3	80.8
March			−2.4	1876.4	78.5
April				1871.4	79.0

UNITED KINGDOM

Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	
132.4	−5.7	4.7	0.5890	100.0	1985
108.3	−14.2	0.1	0.6708	91.5	1986
112.3	−16.4	−6.4	0.7047	90.1	1987
120.9	−32.3	−24.3	0.6643	95.5	1988
137.0	−36.7	−32.3	0.6728	92.6	1989
142.3	−26.3	−23.8	0.7150	91.3	1990
147.7	−14.7	−9.0	0.7002	91.7	1991
145.1	−18.7	−16.1	0.7359	88.4	1992
38.0	−4.5	−4.4	0.7034	92.3	2nd qtr.1992
36.4	−4.5	−3.0	0.7261	90.9	3rd qtr.1992
34.3	−5.4	−4.6	0.8015	79.8	4th qtr.1992
			0.8017	78.5	1st qtr.1993
13.0	−1.2	−1.17	0.7000	92.8	1992 May
12.5	−1.3	−1.30	0.7027	92.9	June
12.3	−1.6	−1.06	0.7137	92.5	July
12.3	−1.6	−1.09	0.7219	92.0	August
11.8	−1.3	−0.85	0.7428	88.2	September
11.5	−1.4	−1.19	0.7969	80.8	October
11.4	−1.7	−1.50	0.8100	78.3	November
11.5	−2.2	−1.93	0.7976	80.0	December
			0.7809	80.6	1993 January
			0.8179	76.8	February
			0.8061	78.2	March
			0.7694	80.5	April

All trade figures are seasonally adjusted, except for the Italian series and the German current account. Imports can be derived by subtracting the visible trade balance from exports. Export and import data are calculated on the FOB (free on board) basis, except for German and Italian imports which use the CIF method (including carriage, insurance and freight charges). German data up to and including June 1990, shown in italics, refer to the former West Germany. The nominal effective exchange rates are period averages of Bank of England trade-weighted indices. Data supplied by Datastream and WEFA from national government and central bank sources.

هكذا من الأصل

How can you hear yourself think if your body keeps complaining?

It's always the same. You're sitting quietly, mulling things over, when a particularly interesting mental insight starts to form in your mind. That's when it happens.

"We interrupt this thought process with an urgent message. Your foot has gone to sleep."

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It has a built-in adjustable lumbar support. Because all lower backs (the bit of you most vulnerable to aches and pains) are in different positions.

And because feet are happiest when they're as far from the rest of you as possible, a new footrest drops down from the seat in front.

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Now your mind can be perfectly free to volunteer thoughts, insights

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CLUB WORLD

BRITISH AIRWAYS

The world's favourite airline

● Jet bill exceeded £100,000 ● 'impractical agenda' criticised ● Troubled carrier used for 26 flights

High fliers face scrutiny at EBRD

By Robert Peston, David Hellier, Jimmy Burns and David Buchan

MR JACQUES Attali, president of the European Bank for Reconstruction and Development, breakfasts with the deputy prime minister of an eastern European state, lunches with bankers in another and then dines with a head of state several hundred miles away.

As he says himself, the only way to keep up such a pace is to use a private jet. One charter company in particular – Air Entreprise, based at Le Bourget, near Paris – has been the beneficiary of Mr Attali's flights from London, where the EBRD is based.

According to a detailed memorandum prepared by Mr Anders Ljungh, the bank's finance director, the EBRD paid Fr6.88m (£100,000) in 1992 for 26 flights with Air Entreprise – many to destinations well served by scheduled flights.

Only once in that year did the EBRD charter an aircraft from another operator and that was for a trip to the Baltic states of the former Soviet Union which did not involve Mr Attali.

The trip was organised by six EBRD directors, each a civil servant representing the countries which own the bank.

The trip to the Baltic states lasted six days. The jet provided by Euro-flite, the charter company, carried 10 passengers from the bank.

The travel costs of the excursion, which included stops in Helsinki, Vilnius, Riga, Tallin and St Petersburg, totalled £8,800.

The banks' directors have now asked why all but one of the trips with Air Entreprise cost more.

Their concern at the expenditure on private jets has become one of the main targets of the bank's audit committee, which is investigating the conduct of the bank's financial management.

Mr Claes de Neergaard, a Swedish government official civil servant who is chairman of the bank's audit committee, made a series of critical comments on the flights in a report dated May 7:

● "The committee believed the use of special flights [flights in charted airplanes] should be scrutinised on the grounds of cost efficiency, cost effectiveness and their impact on the Bank's image;

● "The committee was not satisfied that cost efficiency had been demonstrated, especially where flights were to destinations well-served by commercial airlines;

● "The committee expressed doubts as to the cost effectiveness as it appeared that special flights were often necessitated by an impractical agenda;

● "The committee expressed serious concern that during 1992 one company [Air Entreprise] had been used for all but one of the 27 flights."

One Bank director said yesterday the audit committee would now carry out a "forensic probe" of the flights taken by Mr Attali.

Mr Ljungh's synopsis of private jet flights in 1992, however, does not give details of Mr Attali's schedule on those trips, nor why Air Entreprise was chosen repeatedly as the bank's favoured carrier.

In its publicity material the charter company, which operates as a trading arm of Air Entreprise International, describes itself as "the first aviation company for business purposes in France and the second in Europe".

It says that in 1991, its turnover was Fr150m, from a fleet of 19 aircraft, including 11 Falcons, regarded as among the most luxurious of private aircraft.

A company search, however, has disclosed that Air Entreprise International made after tax losses of Fr91m in 1991 and Fr13m losses in the year to June 1992. The search also found that an unpaid bill was registered against the company in January 1993.

Air Entreprise's holding company is Compagnie Europeene d'Aviation Generale (CEAG). Last August, Mr Rene Micaud, the former chairman of a tour operator, Air Outre-Mer, bought 67 per cent of the shares in CEAG.

Mr Bin Abdullah bin Abdul Aziz, a member of the Saudi Royal Family, acquired the remaining shares. The terms of the deal have not been disclosed.

Mr Micaud is said to have good political connections and under his chairmanship, Air Outre-Mer, was granted authorisation for new routes by the then socialist government.

Air Entreprise was formerly owned by Mr Dominique Bouillon, a businessmen best known for his involvement in the Paris property market. He had tried to rationalise the private jet sector but without success, just before he sold out of the business.

The EBRD's 1992 private jet itinerary . . . and scheduled alternatives

DATE	LISTED DESTINATIONS	CHARTER AIRLINE	NUMBER OF PASSENGERS	COST (£)	NUMBER OF SCHEDULED FLIGHTS AVAILABLE ON THE SAME DAY	EQUIVALENT RETURN FARE FOR SAME NUMBER IN BUSINESS CLASS* (£)
Jan 1	Cologne/Bonn	Air Entreprise	4	6,971	4 to Cologne	1,576
Jan 10	Baltic states	Euro Flite	Group visit of directors	6,800	No direct flight	NA
Jan 14	Helsinki/Oslo	Air Entreprise	8	22,441	5 to Helsinki	4,360
Jan 17	Moscow	Air Entreprise	8	25,894	8 to Moscow	9,812
Jan 25	Jerusalem	Air Entreprise	8	25,455	2 to Tel Aviv	6,938
Jan 29	Kiev	Air Entreprise	13	17,718	1 to Kiev previous day	14,066
Feb 1	Davos	Air Entreprise	4	13,367	11 to Zurich	1,456
Feb 19	Central Asian Republics	Air Entreprise	9	60,399	No direct flight	NA
Feb 26	Prague	Air Entreprise	7	16,194	5 to Prague	3,514
Mar 2	Warsaw	Air Entreprise	8	19,219	2 to Warsaw	4,504
Mar 6	Moscow/Sverdlosk/Moscow	Air Entreprise	14	18,082	No direct flight to Sverdlosk	NA
Mar 9	Budapest	Air Entreprise	8	40,954	9 to Budapest	4,664
Mar 16	Bucharest	Air Entreprise	8	33,670	1 to Bucharest previous day	7,416
May 5	Munster	Air Entreprise	4	16,535	1 to Munster	1,740
May 11	Cologne/Bonn	Air Entreprise	4	13,953	4 to Cologne	1,576
May 17	Lyon	Air Entreprise	4	14,746	3 to Lyon	1,632
May 20	Geneva	Air Entreprise	4	14,069	12 to Geneva	1,456
May 22/23	Seville/Lisbon	Air Entreprise	7	29,620	3 to Seville	4,297
Jun 19	Ankara	Air Entreprise	8	22,843	4 to Istanbul	5,904
Jun 29	Sofia	Air Entreprise	12	33,834	1 to Sofia	11,256
Jul 10	Helsinki	Air Entreprise	6	25,685	5 to Helsinki	3,156
Sep 7	Georgia	Air Entreprise	11	49,232	None that day due to strike	NA
Oct 6	Munich/Vienna	Air Entreprise	4	27,688	10 to Munich	1,864
Oct 7	Seville/Cordoue	Air Entreprise	6	17,151	1 to Seville	3,160
Oct 12	Prague/Bratislava	Air Entreprise	8	29,871	3 to Prague	4,720
Nov 23	Central Asian Republics	Air Entreprise	11	103,779	No direct flight	NA
Dec 11	Antalya (Turkey)	Air Entreprise	7	38,566	4 to Istanbul	5,208

* Cost to stated destination only for the same number of passengers who travelled by private jet. Does not take account of onward journeys and unlisted stop overs

Source: ABC World Airways Guide 1992. Does not take account of changes to the printed schedule.

Additional research by Louise Lobo

Government hints at BR concession

By Philip Stephens, Political Editor

THE GOVERNMENT last night hinted that concessionary fares on British Rail, the state railway, could be maintained after privatisation.

In a move aimed at staving off a parliamentary defeat at the hands of disaffected Conservative MPs, Mr John MacGregor, the transport secretary, said he was willing to look at the possibility of statutory protection for discount railcards used by students and the elderly.

But Mr MacGregor indicated that the government would not yield to a separate demand by some Tory MPs that British Rail be allowed to compete for service franchises once the railways are thrown open to private competition.

The British Rail privatisation bill, which returns to the House of Commons today, is expected to be at the centre of a stormy two-day debate with concern among the government's supporters about the political impact of privatisation underpinned by evidence of overwhelming public opposition.

Mr John Prescott, the opposition Labour party's transport spokesman, yesterday pledged to return the rail network to the public sector if the party won the next general election.

A Gallup poll published last week suggested that more than two-thirds of commuters opposed the privatisation of services.

Wembley fixture for BCCI creditors

By Andrew Jack

THE WORLD'S largest creditors' meeting is this week expected to attract an audience from as far afield as Egypt, Zimbabwe and China as aggrieved victims of the collapsed Bank of Credit and Commerce International gather in London.

Wembley Arena, the second largest indoor stadium in the UK, will host the event on Thursday when up to 1,000 people are expected to elect a creditors' committee, marking the culmination of an administrative process costing more than £1m.

Although the stadium is better known for ice skating displays and pop concerts, observers expect some drama as Mr Christopher Morris, a liquidator for the bank, delivers a speech about the handling of BCCI since it was closed down in July 1991.

The formal part of the meeting should be over relatively quickly. All the law requires is a vote to choose the five-strong creditors' committee, who in turn approve the liquidators' fees and sanction their legal actions and decisions.

Then comes the unknown. Mr Morris's speech – which is just being finalised – will include answers to some of the 300 questions already received. Others will be submitted in writing as creditors arrive at the meeting. A lawyer will be on hand to urge caution in the replies.

"We believe there will be a lot of questions and a lot of emotion," says Mr Fred Goodwin, a Touche Ross partner. "We want to be as open as we can, and we will answer every single question in writing afterwards."

There were about 730,000 BCCI bank accounts worldwide, and several thousand other creditors. The liquidators advertised in 50 countries and sent out 50,000 letters. More than 3,600 responded, of whom just under 3,000 turned out to be creditors.

They were sent nomination packs with the manifestos of 25 candidates. One has since withdrawn and a further six were excluded early on because they were not creditors. Those remaining include an Egyptian diplomat, the liquidator of Rhodesia Railways, and a representative of the Isle of Man, residents of which have lost $99m.

So far 533 creditors have said they will come. Another 528 have given their proxies to 177 others. A further 716 proxies have been allocated to the chairman.

The High Court called for the election of a creditors' committee in January. Until this stage of the liquidation, it has argued that it would be too complex and costly to arrange.

At Wembley, meanwhile, preparations have almost been completed by the 100 staff from the liquidators who will oversee the meeting.

It could represent a Wembley finale for the staff of Touche Ross based on the fifth floor of BCCI's former principal office in Leadenhall Street in the City of London.

Three staff have been taking about 100 calls a day from creditors – down from 1,100 on the day the bank was closed in July 1991. They have answered more than 2,500 questions on the creditors' meeting since February.

Nearby a dozen more are sifting records to ensure that those attending or sending proxies are creditors. So far, everything is ready for the big day.

Britain in brief

Insurers warn of increased bomb cover

Moves to increase the cost of terrorism insurance following last month's bomb in the City of London could leave many businesses unprotected from the IRA, insurers have warned.

A number of insurance companies also fear higher premiums could hamper a new government-backed reinsurance scheme. Pool Re, the mutually-owned reinsurer, is said to be coming under intense pressure from government to increase its rates but, according to one City insurer this would "quite definitely undermine the scheme". The real danger is that it may discourage people from taking out the cover," he added.

Pool Re was set up after insurers withdrew terrorism cover from commercial policies in the wake of the IRA's mainland bombing campaign last year. The reinsurer pays claims only until its own funds – which are generated by new terrorism insurance premiums – are exhausted, with the government meeting at least 90 per cent of further costs.

Controversy on M-way tolls

The government will face fresh controversy over its transport policies this week when Mr John MacGregor, transport secretary, announces proposals to start charging drivers for using the motorways.

Opinion polls suggest that motorway tolls could prove even more unpopular than railway privatisation. A poll carried out for the Royal Automobile Club earlier this month found 86 per cent of motorists opposed to the idea.

Mr MacGregor is putting forward his proposals in a consultative document expected to be published on Wednesday. His aim is to find a new source of finance to fund the government's £19bn roadbuilding programme, which is already running badly behind schedule.

Clash likely on gas inquiry

British Gas could face further damaging clashes with its regulator following the outcome of the Monopolies and Mergers Commission's investigation into the company which is due by the end of July.

The legal complexities could arise from the way in which the referrals to the commission were made and the expected complexity of the eventual reports.

Four separate referrals to the commission were made about different parts of the company's business and under different pieces of legislation. British Gas could end up challenging any of the commission's recommendations that are implemented by its regulator.

Sir James McKinnon, the regulator, made two of the referrals to the monopolies commission under the 1986 Gas Act and Mr Michael Heseltine, industry secretary, made the other two under the Fair Trading Act. The commission must report on each one of these, delivering its verdicts to the body that made the initial referral.

UK and Irish ministers meet

British and Irish ministers will tomorrow try to dispel some of the gloom over the prospects for talks on the political future of Northern Ireland following last week's local elections in the province.

Sir Patrick Mayhew, Northern Ireland secretary, will discuss in Dublin with Mr Dick Spring, Irish foreign minister, how unionist and nationalist political leaders can be persuaded to resume negotiations which collapsed last November.

Even before last week's local elections, which saw a better than expected performance by the hardline Democratic Unionist Party and Sinn Fein, the political wing of the IRA, ministers from both governments were envisaging another Anglo-Irish conference after tomorrow's before talks would resume. Now they may reconsider putting off the restart of talks still further.

Long fall-out from recession

Many UK manufacturers of consumer products believe the impact of recession will affect their businesses for at least the next six months, according to a survey of UK marketing executives. The survey, conducted last month by Datamonitor, covered 394 marketing executives in 60 consumer goods sectors. In most sectors, three quarters of respondents said it would be at least six months before the negative effects of recession ended.

Training funds were 'wasted'

Much of the £20bn spent every year by UK companies on employee training is wasted or misdirected, according to a report by Coopers & Lybrand, the management consultants.

Mrs Sheila Drew-Smith, author of the report, said companies often viewed training as a waste of resources. "Employers must recognise that training has to be related to their business needs," she added.

MANAGEMENT

Process re-engineering is sweeping across the Atlantic. In a new series **Christopher Lorenz** looks at its disciples

Stepping out in a new direction

Until last year it took Bell Atlantic, the Philadelphia-based telecommunications company, between a fortnight and a month to connect customers to the long-distance carrier of their choice – unless they defected in the meantime to speedier rivals. By late 1992, waiting time was down to a highly competitive three days and it is about to be cut to just a few hours.

In Dallas, an AT&T unit which makes custom-designed power supplies for personal computer manufacturers has slashed its design-to-delivery cycle tenfold since 1991, from 53 to five days.

And in Connecticut, IBM Credit, one of the few increasingly profitable parts of beleaguered "Big Blue", has squeezed from a week to four hours the time it takes to approve and issue financing deals.

These quantum leaps in productivity and competitive performance have all been achieved in the same way: by a radical type of organisational re-shaping called "process re-engineering".

Though the term was scarcely known when IBM Credit began its redesign in the late 1980s, "re-engineering" has now become one of the biggest fashions ever to grab western business.

Confusingly, it also masquerades under about a dozen variants of that name, depending on which consultancy is trying to promote its services, or which author wants to sell his book – of which no fewer than five have been published since December.

The fashion also misleads: Many a conventional "delayering", "downsizing" or "restructuring" (ie redundancy) exercise is being relabelled as re-engineering, to the extreme annoyance of the "father" of the subject, American consultant Michael Hammer. He also distinguishes re-engineering entirely from the popular "continuous improvement".

False impressions have also been created about its impact on employment. Re-engineering can cause striking job losses, but in many cases it creates none at all, Hammer says. Instead, companies often find that it improves their competitiveness to such an extent that they generate considerable extra business – and work to be done.

With a surging market share, IBM Credit now handles 100 times as many deals as before and has had to trim its headcount only slightly. Bell Atlantic and the AT&T unit have also boosted their market shares sharply and people displaced from their old jobs have been transferred to others.

Purist though he is, even Hammer hypes a little. In Re-engineering The Corporation*, his book with James Champy which was published in the US this month, he allows the chief executive of Taco Bell, the American-Mexican fast-food chain, to apply the re-engineering label not only to his organisation as a whole, but also to the rearrangement of his kitchens. That is over-egging things.

The hype is misleading in a different sense, too. Many consultants claim to be re-engineering "the organisation" or "the business", when in reality the human, political and technical challenge of the exercise is such that, at least in large companies, they have not got much further than re-engineering one or two processes in a single subsidiary.

Exceptions in the US include parts of Texas Instruments, Ford, Kodak, Motorola and Hallmark Cards – where re-engineering has been far more extensive than a recent consultancy study suggested. As in almost all re-engineering, Hallmark's organisational changes are much more significant than those in its information technology, on which the study focused.

In Hammer's words, the essence of re-engineering is "starting over: beginning again with a clean sheet of paper". It does no less, he claims, than "reject the assumptions inherent in Adam Smith's industrial paradigm" – including both the division of labour and the need for hierarchical control.

Better than any expert's formulation, the practical actions of Bell Atlantic, AT&T and IBM Credit provide the key to what proper re-engineering is all about. Its essence lies in the way they have abandoned their traditionally fragmented, start-stop myriad of work tasks, routines and procedures, and have replaced them with a handful of unitary processes which have been designed from scratch to operate smoothly from end-to-end, starting with first customer contact and going right through to completion.

In most western organisations, orders and projects pass tortuously up, down and across a succession of separate, vertically structured departments of "functional" specialists, often waiting hours or days for each next task to be carried out. As Hammer puts it: "Companies consist of vertical silos built on narrow pieces of a process."

For Bell Atlantic, its original 15-30 day cycle contained only about 10-15 actual hours of work on each project; the rest of the time was consumed in waiting and departmental hand-offs.

For AT&T, the proportion of real work in its product development cycle was higher, but was slowed as badly, by 80 hand-offs and 24 meetings; these have now been cut to 17 and one respectively. For IBM Credit, there was a similarly slow hand-off process as each financing request passed through the hands of four different specialists.

In a re-engineered organisation, these previously separate tasks are replaced by a seamless process and functional boundaries are either bridged or removed entirely, with a "process owner" often overseeing everyone involved. Narrow job descriptions are abandoned.

At IBM Credit the four types of specialist have been replaced by a single, multi-skilled "deal structurer", who can call on a small central pool of specialist back-up staff in the few cases where they are needed. At AT&T the succession of specialists in five different departments has been supplanted by a set of multi-functional "design cells" which handle each project from customer request right through to delivery. And at Bell Atlantic a "case team" now carries out all the previously separate tasks; soon, all their work will be combined into the hands – and brain – of one multidisciplinary "case worker".

A further facet of the changes at Bell Atlantic helps explain why there are, as yet, so few other convincing examples of "real" re-engineering.

To make its process changes effective, the company has already had to spend four years on a "culture change" programme aimed at replacing the old "command and control" mentality of managers and employees with "new behaviours" such as empowerment, teamwork, coaching, feedback and customer-responsiveness. That programme is still running.

Bell is no isolated case. A cultural transformation of this magnitude is vital to the success of re-engineering within any company, according to four Coopers & Lybrand consultants whose book is published on Thursday**. Since a string of other changes must be also made at the same time – notably a refocusing of performance measurement and incentive systems from individuals onto teamwork – they argue that re-engineering requires sustained commitment by top management over a matter of years.

Thomas Davenport, an Ernst & Young partner, whose book† on what he prefers to call "process innovation" is one of the most comprehensive, goes further. In many companies radical culture change has proved unpalatable and has blocked re-engineering, he says.

Even if re-engineering does not hit the cultural buffers, it is certainly a very tall order. As the Coopers team says, the financial, emotional, organisational, training and time-costs of "ramping up into a process-oriented business" are "not insignificant".

Re-engineering promises glowing rewards, in other words, but also great risk.

** HarperBusiness $25. Published in UK on June 10 by Nicholas Brealey, £16.99.*
*** John Wiley, $34.95/£24.95.*
† HBS Press/McGraw Hill. $29.95/£25.95.

This series, which will run in the next few weeks, will examine European examples.

Training lessons from Germany

Alcan's UK mill needs to catch up, writes **Kenneth Gooding**

Ask Rheinhold Wagner why productivity is so much higher at Alcan's aluminium rolling mills in Germany than at those in the UK and immediately he points to vast differences in the way employees are trained to look after the expensive equipment they operate.

Alcan Deutschland employs 3,800 people and 250 of them are apprentices, each one being trained for 3½ years. The total includes 175 craft apprentices, and Wagner says that, as a matter of policy, Alcan always finds craft apprentices a job at the end of their training, even though the work at first might not be what they were trained for. The idea, he says, is to keep them in the production system. "This gives us a tremendously skilled workforce."

In 1991, when he took over responsibility for Alcan's UK metal rolling operations, which employ about 1,450, Wagner was surprised to find no similar apprentice programme existed.

When he began, each UK employee was taking twice as long to produce a tonne of finished metal. But that has been improving. UK operations are now 10 to 15 per cent less productive than in Germany.

One way Wagner measures productivity is mill "uptime" – or time the mills are working normally against the total time available. Wagner says Germany needs to improve because "uptime" is about 85 per cent. In the UK it is only 70 per cent.

The big deficiency in the UK he says, is that equipment is not maintained carefully enough. "And if the mill is not reliable, you can't expect to deliver on time."

At the begining of the rolling process, aluminium is heated in re-melt furnaces. Wagner says that furnaces at Alcan's mill in Rogerstone, south Wales, consume 40 per cent more energy than comparable furnaces in Germany. Partly this is due to differences in equipment, but it is also partly "because of less attention to detail. And that comes back to training."

Alcan, based in Canada and the western world's second-largest aluminium producer, started to reorganise its European operations as long ago as 1976 in order to prepare for the unified European market.

In 1987 Wagner, already chief executive of Alcan Deutschland, was handed extra responsibility when the parent company disbanded its European headquarters in Geneva to save money and to flatten its international management structure. He was also put in charge of Alcan's operations in Italy, Spain and Switzerland. Another reorganisation in 1991 gave him responsibility for Alcan's rolling operations in the UK and, therefore, all the European rolling operations.

Alcan has been spending heavily on these rolling operations. It has a half-share in Aluminium Norf in Germany, already the world's biggest aluminium rolling mill, where annual capacity is being doubled to 1.4m tonnes at a cost of DM900m (£360m). Another $100m (£66.2m) has been spent on a new, wholly owned foil mill in Italy linked with Norf. This has raised fears at Rogerstone that the 240,000-tonne-a-year plant has no future. These concerns intensified last month when another 200 job losses were announced there and 46 at associated mills in Glasgow and Falkirk. Rogerstone employed 3,000 at its peak; now the workforce will drop to 770. But Wagner insists the cuts simply reflect the sharp drop in demand from export markets, mainly Germany, and a need to bring capacity and costs into line with depressed circumstances.

He points out that Alcan has spent £64m modernising Rogerstone since 1984 – including £8m of the £23m spent in the UK last year – and the plant is needed to provide specialised rolled products for the whole of Europe. It is also part of his strategy to build Rogerstone's share of the UK market to 60 per cent, a target it is close to achieving.

That is why, says Wagner, he must find ways of improving training – and consequently productivity – at the UK mills.

CONSTRUCTION CONTRACTS

Improving laboratory facilities

CS PROJECT CONSULTANTS, the project management company of Cyril Sweett & Partners, has been appointed by the Ministry of Agriculture, Fisheries and Food to act as project managers for the preparation of a redevelopment proposal for the central laboratory at Weybridge in Surrey and the progression of Phase 1 of the development.

The overall redevelopment which is anticipated to cost over £200m will be phased over a 10-year period and will involve complex logistics management in decanting, demolition, new-build and re-occupation whilst maintaining CVL's business.

Headquarters

LAING MIDLANDS has won the contract to construct new operational headquarters for PowerGen in Coventry.

The construction contract is part of a £16m package which covers the land purchase and shell and core building - which is scheduled for completion in summer, 1994.

The building, at Westwood Business Park on the outskirts of Coventry, will have three floors and cover an area of 12,700 sq metres. There will be an in situ concrete frame with central atrium in steelwork and glazing.

Hospital work

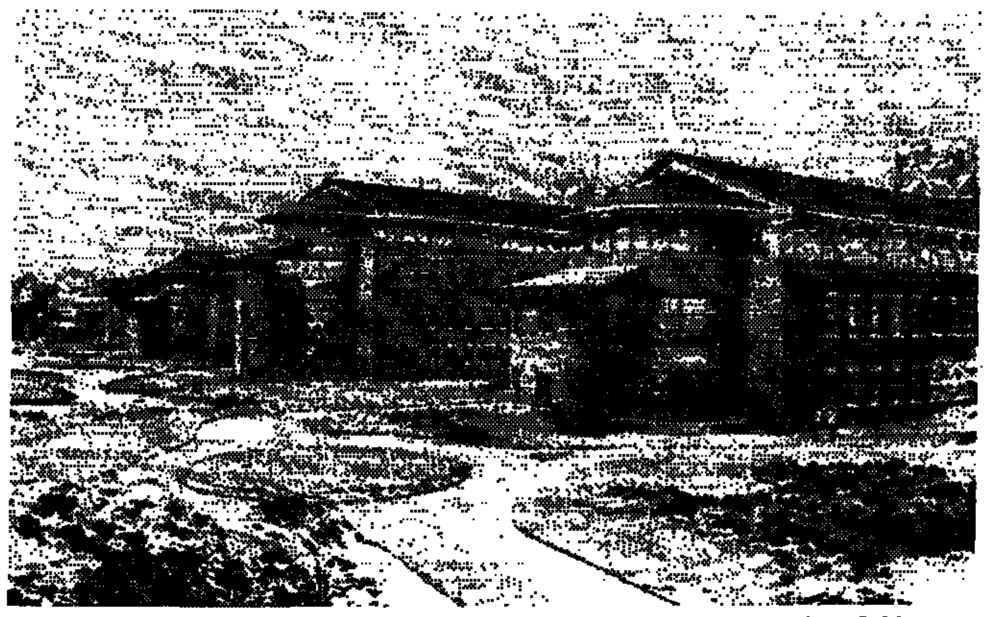
KIER BUILD has been awarded a £13m contract to build an extension at the North Tyneside General Hospital, North Shields for the Northern Regional Health Authority.

The facility (which will cost a total of £17m) will include 134 beds, a coronary care unit, a day hospital for the elderly, a pharmacy and facilities for outpatients, rehabilitation and additional X-ray rooms.

Alterations to the existing hospital will also be carried out. Work on the project, which is being undertaken in joint venture with M&E contractor CWS, begins at the end of June.

Completion is scheduled for November 1995 to prepare for the first intake of patients by early 1996.

Inland Revenue offices



An artist's impression of the proposed Inland Revenue building in East Kilbride, Lanarkshire

BOVIS CONSTRUCTION (SCOTLAND) has begun work on a £24m design manage construct contract to build new premises for the Inland Revenue in Lanarkshire.

Scheduled for completion at the end of 1994, the new Centre 1 is located at Kittoch Glen, a greenfield site in Phillipshill, a mile and a half from East Kilbride town centre.

The P&O company is managing the design and construction of the new development, a single building, comprising some 25,000 sq metres, of variable height up to a maximum of 20.5 metres over four storeys.

In addition to the provision of office accommodation for around 1,600 staff, the premises will also include a restaurant, leisure, social and child care facilities.

The linear plan of the building is designed to allow for naturally ventilated office space. Energy conservation through careful temperature control, zoning of heating controls and utilisation of solar gains when available, together with a state of the art lighting system will ensure that greenhouse gas production is minimised.

Each wing of the building will be connected back to one of three triple height internal atria. These spaces will connect the various departments to each other by accommodating communal lifts, staircases and meeting rooms; they will also act as thermal stacks which considerably increase the efficiency of natural cross-ventilation.

The project is on schedule for completion by Christmas 1994 and staff can expect to relocate to their new premises in January 1995.

Sewage disposal scheme in Turkey

WALLACE EVANS has won two contracts in Turkey with a combined construction value of £130m. Both have been won in conjunction with its Turkish associated practice, Seyas.

The largest contract is for the design of a new sewage disposal system for Buyukcekmece on behalf of Iski, the Istanbul water supply and sewage disposal authority. Buyukcekmece is located west of the Bosphorous, and the treatment works will serve a population in excess of 800,000 people.

Valued at £100m, the work includes the design of 18km of tunnel, 11km of open cut sewer, a new sewage plant for tertiary treatment utilising the latest techniques for nutrient removal, and a 1.5 metre diameter sea outfall. The design team was selected both on price and track record in solving environmental and engineering problems similar to those confronting Iski.

Work on the project commenced in April with Wallace Evans' involvement being managed at Haverfordwest.

International school in Hong Kong

GAMMON CONSTRUCTION, the Hong Kong-based company jointly owned by Trafalgar House Construction and Jardine Pacific, has won new contracts worth £30m (HK$351m).

The largest is a £11.5m (HK$134m) project at the Hong Kong International School at Tai Tam for a 10-storey school building and two, five-storey, twin block staff quarters. The company will also carry out extensive external works including the construction of a landscaped terrace and slope, connecting bridges and an entrance ramp to a covered car park.

Other work includes two design and construct contracts for a four-storey extension to a building at Fenwick Pier and staff restaurants for the City Polytechnic of Hong Kong, alterations to five floors at Windsor House, rehabilitation work on Chai Wan Road and marine vibrocoring at Chek Lap Kok airport.

PEOPLE

Aspiring novelist shunts coal into private sector

Ray Proctor, 48, British Coal's new finance director, retains a surprising sense of humour for a man who, if he makes a success of his new role, may work himself out of a job in a couple of years.

Proctor, who has spent his whole life in the nationalised coal industry since leaving Oxford in 1967, does not view his career quite so bleakly. Having trained as a management accountant, he worked on the financial side before moving into line management in 1983. Following the death of deputy chairman Ken Moses, Proctor was given responsibility for preparing the industry for privatisation.

He will retain his responsibility for privatisation when he takes over from Michael Butler as finance director at the end of next month. It is a two year appointment which should cover the period up to privatisation.

Proctor sees his role as twofold – making sure that costs have been driven down to the level where the industry is profitable on a sustainable basis, and helping organise a successful privatisation.

Unlike some old mining hands, Proctor is one executive who seems perfectly happy with the prospect of taking the industry into the private sector.

However, he is not forgetting his outside interests. During his time as director of studies at the National Coal Board staff college he penned a well received paper-back, "Finance for the Perplexed Executive", and is toying with writing a novel. " It's easier to write than a textbook, and you don't need to check the figures" jokes British Coal's new financial supremo.

Meanwhile, Andrew Horsler, 45, who like Proctor is another ex-Leeds grammar school boy and Oxford graduate, has also been appointed a member of the British Coal Corporation. He is executive director of marketing and replaces Malcolm Edwards who was ousted last year.

The Government has also reappointed Albert Wheeler, 59, deputy chairman and operations director, for a two year term running till March 31, 1995, and Kevan Hunt, 55, the employee relations director, has been reappointed for a one year term.

Sweetmeats for Whitehead

Having amassed a long string of advisory positions at blue chip companies across Britain since his retirement from the diplomatic service last summer, Sir John Whitehead, the former ambassador to Japan, has now topped up his collection with a non-executive directorship at Cadbury Schweppes.

Cadbury's chairman Sir Graham Day retired recently as did non-executive director Richard Hornby, and the beverage and confectionery company says that the combination of Whitehead's "experience in international affairs and his specific Pacific Rim region expertise" made him a suitable addition to the board. The Pacific Rim last year accounted for 13 per cent of group sales and 14.5 per cent of operating profits.

But Whitehead is already a senior adviser to Morgan Grenfell, an adviser to Inchcape, Cable & Wireless, and Guinness as well as to the president of the Board of Trade and the Welsh Development Agency. How does Cadbury Schweppes think he will find the time to make a worthwhile contribution? "I would cite the example of Sir Graham Day" a spokeswoman rejoins. "He was an extremely effective chairman but also a very busy man. It can work well."

Swapping chemicals for food

David Fyfe, managing director of a division of specialty chemicals group Hickson International, is resigning to join the board, as chief executive designate, of a food company. An announcement is expected this week.

Fyfe had been managing director at MTM but left at the end of 1990 after disagreements with the then chairman Richard Lines.

MTM, most of which has just been sold to BTP, has been under investigation by the Serious Fraud Office concerning a shortfall in the 1991 profits.

Dennis Kerrison, chief executive of Hickson where management turnover has been considerable in recent years, says there has been "no falling out", adding that "for someone with his temperament, [the opportunity to be at the top of a company again] was an offer he could not refuse. There was really no chance of him coming on the main board here and he did have a bit of a problem adapting."

The only executive directors on Hickson's main board are Kerrison and the finance director Michael Rowley. "We have a number of strong non-executive directors, including from the chemical sector. Also our chairman [Sir Gordon Jones] is of the very firm opinion that people have to *earn* a place on the board."

Kerrison said he was looking internally and externally for a replacement but that he himself would take charge of the division in the meantime. "We are in no rush" he added explaining that it was important to get the right person, given fine chemicals, the division Fyfe ran, contributed about half of group profits.

Fyfe, who has just turned 50, was on a trade delegation to Japan last Friday and hence unavailable for comment, but Kerrison said he expected him to depart form Hickson "within a week or so."

■ Douglas Smailes has been promoted to group treasurer of The BOC GROUP in succession to Simon Bowles who becomes vice-president, finance of the medical systems division based in New Jersey.

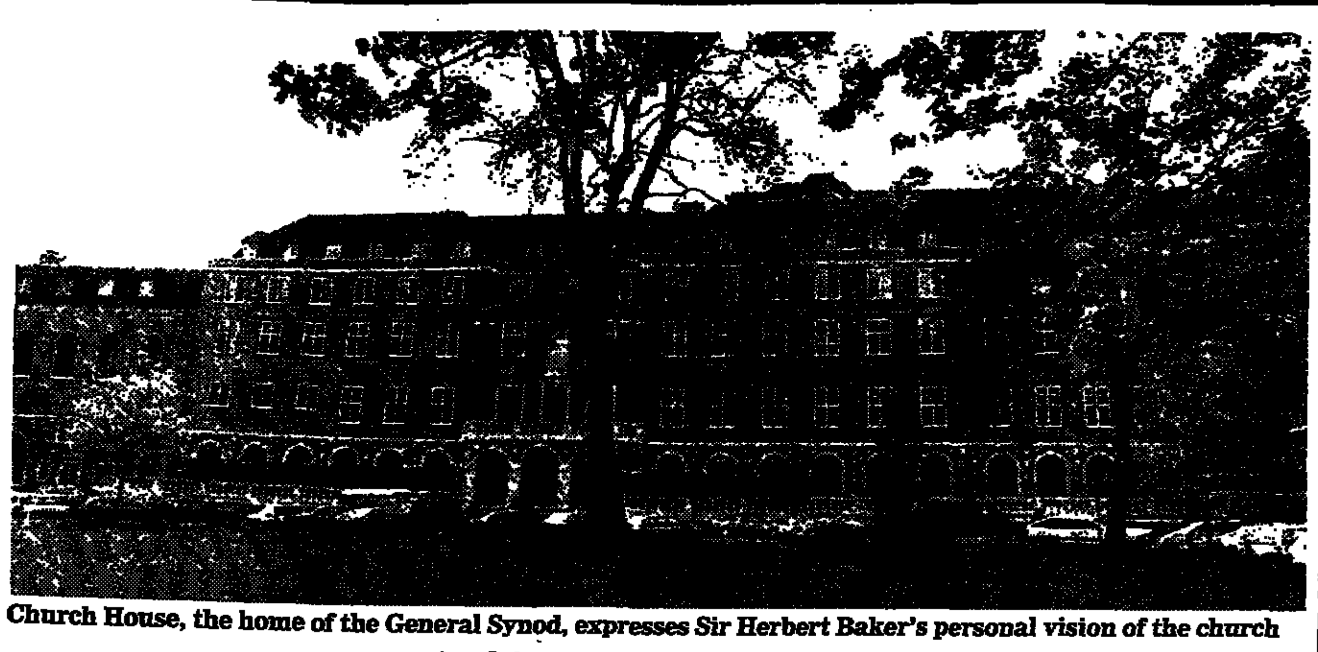
■ Bryan McGinity, formerly vice-president for Europe of Black and Decker Fastening Systems, has been appointed md of Triplex Safety Glass, part of PILKINGTON.

■ Garry Degg, executive director (corporate services) at MIDLANDS ELECTRICITY, has been appointed executive director (operations).

■ Richard Hawkins, formerly finance director of the parcels division, becomes finance director of SECURICOR SECURITY SERVICES, the holding company of the security division of Securicor Group.

Imperial Chemical Industries has restored the balance between executives and non-executives on its board by appointing Charles Miller Smith, 53, an executive director of Unilever, as its fourth non-executive director.

Miller Smith is a Scot, educated at St Andrews University, and a qualified accountant. He joined Unilever in 1963 and has worked in various parts of the world, including a spell as vice chairman of Hindustan Lever, one of India's leading companies. After four years as Unilever's financial director he joined Unilever's food executive at the start of the year as director responsible for Southern Europe. He joins a board which includes Sir Anthony Pilkington, chairman of Pilkington and Paul Volcker, the former chairman of the US Federal Reserve.



Church House, the home of the General Synod, expresses Sir Herbert Baker's personal vision of the church

Architecture/Colin Amery

Heart of the Church of England

There are not many architects who have written the biography of one of their clients. Sir Herbert Baker (1862-1946) is the exception with his book *Cecil Rhodes by his architect*, published in 1934. The meeting between Baker and Rhodes in South Africa in the 1890s was crucial for both of them. Rhodes saw in the English architect the man to create his dream of an Imperial culture and architecture in southern Africa. It was through Rhodes that Baker acquired his knowledge of ancient classical architecture, since Rhodes sent Baker off on a tour in 1899 to look at Rome, Paestum, Agrigentum, Thebes and Athens as well as ancient Egypt. The story of this shared vision of the role of architecture by both architect and patron is a revealing and fascinating one.

Rhodes' vision extended beyond architecture and politics to the permanent encouragement of learning through the Rhodes Scholarships at Oxford. It was appropriate that Rhodes House in Oxford, where his scholars live, should have been designed by Baker in 1929 in an unusual blend of classical and Cotswold styles.

These thoughts about Herbert Baker and that curious world of *"Scouting for Boys"* Imperialism that he shared with Rhodes, have been prompted by a recent visit to one of Sir Herbert Baker's masterpieces in London: Church House, Westminster, which was completed in 1940, and has recently been completely refurbished.

The Church of England does not have a Vatican; if it did it would be a combination of the offices of the Church Commissioners, Church House, Westminster Abbey and Lambeth Palace. In fact Church House has become increasingly important in the life of the Church of England as it is now the permanent home of the General Synod and its Boards and Councils. As the Church of England seems now to define theology by the strange and unreliable processes of human democracy, this home of the Church's Parliament has acquired extraordinary significance.

In 1988 a decision was made to sell off Church House in much the same way as the Church has sold so much of its property. But this decision was determinedly challenged by the remarkable Mr Roy Lyon, a member of the Synod from Liverpool. He sensed the disastrous consequences of such a pointless move and fought like a tiger to persuade the authorities to change their minds. It was like David and Goliath – a victory for reason against bureaucracy and the property market.

Sir Herbert Baker was a contemporary and sometime collaborator (in New Delhi) of Sir Edwin Lutyens. The two men were to fall out in Delhi – perhaps friendly co-operation on that scale was doomed. Both men produced a vast number of important buildings in Britain and the Empire. Both men were building at a time when craftmanship was still at a high level. Both men, in different ways, wanted to reinterpret architectural traditions for the Imperial age. Baker believed in associational architecture; Lutyens believed in the pure aesthetics of architecture. Lutyens was the better architect.

This is not to say that Baker was a bad architect. If as thorough a reappraisal of his work was to be carried out as has been started by historians looking at Lutyens' achievements, then Baker's achievements might also shine. Church House is a very characteristic Baker building. He took the commission very seriously and wrote, with no modesty at all, "I was very happy at having this opportunity in perhaps my last great work of expressing in the fabric of the building some little of the story and the ideals, as I conceived them, of the Church of England."

Baker's expression of ideals largely takes the form of heraldry, symbolism, inscriptions and an enthusiasm for Rupert Brooke. He collaborated with the sculptor Charles Wheeler and the artist Thomas Monnington to embellish his building. Like so much of Baker's work – South Africa House in Trafalgar Square, India House in the Aldwych and the Bank of England – the symbolism is only skin deep. Handsome though the circular assembly hall is in Church House, it is not a great piece of architecture. What is memorable is the great golden inscription taken from the old Church Service Book: "Holy is the true light and passing wonderful, lending radiance to them that endured in the heat of the conflict; from Christ they inherit a home of unfading splendour, wherein they rejoice with gladness evermore."

Baker saw this beauty as taking the form of what he called in his memoirs, "a galaxy of heraldry and symbols representing the different centres of the Empire". Somewhere at the centre of this galaxy was the Church of England.

The chapel is the most successful part of Church House, with its stalls for all the bishops and an altar which is a slab of black marble carried on the shoulders of eight winged angels. As at the chapel for Haileybury School and the sanctuary at Pretoria Cathedral, Baker has designed here a curved apse with a sense of spaciousness and dignity.

I greatly enjoyed seeing the interiors of Church House because – although they can all now be hired for conferences and functions, and they have been well modernised and refurbished – they are not easily visible. What interested me most of all was the strange period atmosphere created by Baker for the peculiar world of official Anglicanism and English Imperialism. God and the royal family are intermingled in an English dream world of order and history. Church House is reticent behind its flint facade on Dean's Yard but within its heart are passions that are only hinted at in the architecture and sculpture. Sacrifice and service and the safety of democratic religion are all here in a building that conceals a potent message beneath its comfortable surfaces.

Opera/Max Loppert

Mozart in the round

The big event of the first BOC Covent Garden Festival is the specially-mounted production by British Youth Opera of *The Magic Flute* in Freemasons' Hall. The recent vogue for seeking out "authentic" settings for opera – *Aida* at Luxor, say – promotes a kind of artistic tourism that at its banal worst can work crushing restrictions on the audience's own creative imagination.

In advance, one feared that the staging of an opera imbued with Masonic symbolism in the London home of the United Grand Lodge of England might risk just such touristic banality. Happily, such fears were groundless. This is a hugely enjoyable *Flute*, and the use of Freemasons' Hall has in no way limited its artistic vision.

It is indeed intriguing to sit beneath ceiling and stained-glass windows rich in images already well-known to every *Flute*-lover, but the advantages of this space for opera performance turn out to be much more basic ones. With its galleried arena configuration and acoustics reverberant without cloudiness, Freemasons' Hall proves itself an inspiring location for opera in the round; and the British Youth Opera production team – producer Jamie Hayes, designer Ruari Murchison, lighting director Paul Pyant – have taken up that inspiration with wit, economy and flair.

Like the best of Earl's Court or Wembley opera productions, this *Flute* catches fire from the populist nature of the performance circumstances. A simple pyramid-shape crowns the centre stage area, on which the action unfolds at speed, with flashes of light and puffs of smoke to signal the scene-changes. No less but also no more is made of the opera's Masonic rituals than aptly chimes with the overall production stance.

It is a *Flute* in modern dress (the Queen and her Ladies in Zandra Rhodes black leather and lace, the temple priests in suits with yellow shirts and shawls) and in Jeremy Sams's sparkling modern English translation. Apart from a disappointing marionette representation of the wild animals, it all comes together to provide fresh, truthful insights into the opera's many levels of meaning.

Under Jane Glover's alert, springy baton, the musical character of the performance is exactly gauged. Thomas Randle's manly, poetic Tamino is its star; Rosemary Joshua's bright-toned Pamina, Elisabeth Vidal's clean-toned Queen and Jonathan Veira's jolly, roly-poly Papageno bulk large among its assets. Good Ladies and chorus, excellent (real) Boys. There is a particular sound made by a large audience – of pleasure, sympathy, happiness – as it falls under the sway of this opera. It was a sound much heard on Saturday evening.

*

Mozart similarly divested of proscenium-arch formalities, Mozart not in the round but on the Queen Elizabeth Hall's open thrust-stage, is to be heard and seen in the current revival of Opera Factory's 1991 *Marriage of Figaro* production, conducted by Mark Wigglesworth. The blessings here prove rather more mixed. By plumping out the stage with Aguas Frescas household activities around the main scenes, David Freeman transforms the opera into an Ayckbourn 18th-century farce with score by Mozart.

It is keenly, at times brilliantly done. For my taste, however, it is hectically over-detailed, and its amplifications of character and situation end up by somehow limiting imaginative response to the emotional content of the music: in this case, more increasingly becomes less. The strength of the revival lies in its fine principals – Geoffrey Dolton's rubber-faced Count, Mary Hegarty's endearing, limpid Cherubino, Susannah Waters's quicksilver Susanna, above all Janis Kelly's Countess, who with a look, a gesture, a vocal inflection reveals more of Mozartian meaning than all of Freeman's narrative ingenuities put together.

(Magic Flute, Freemasons' Hall, WC2, royal gala performance this evening; Figaro, Queen Elizabeth Hall, SE1, in repertory until June 12, then Birmingham and Reading)

Geoffrey Dolton (left), Susannah Waters and Hugh Hetherington in Opera Factory's Marriage of Figaro

Bournemouth Symphony Orchestra

Radiant at 100

The music of Dutilleux is Gallic refinement at its most quintessential, hard to bring off without finely-tuned orchestral playing. We found that out a couple of years ago, when the Orchestre de Paris came to the Proms and turned the composer's Second Symphony into a thick and congested melange of noise.

On Saturday more music by Dutilleux – his *Timbres, espace, mouvement* – came to the Royal Albert Hall, but this time it shone with crystalline radiance. The improvement was thanks to the Bournemouth Symphony Orchestra, playing with all the fastidious care that the Parisians lacked. This is a comparison worth making, as there is a tendency not to judge the British regional orchestras on an international level, which may be unfair. Several major EC countries do not have even one orchestra that can match the Bournemouth SO's standards.

With this visit to London, under its principal conductor Andrew Litton, the orchestra was inviting applause. This year marks the centenary of its foundation and at a time when every orchestra in the country must be becoming nervous about funding, the Bournemouth Symphony Orchestra wanted a programme to make a splash and show how adventurous it is – a major orchestral score, a brief British fanfare (Tippett's No. 5) and a UK first performance.

The Dutilleux counted as that, because the composer has recently added an extra section to the score, where cellos unwind a long, unhurried theme to add to the feeling of far horizons (the "espace" of the title). In its unshowy way, the piece works quite well as an orchestral showpiece. Everything was perfectly detailed, but also hazy, atmospheric, imaginative.

The main work, however, was Mahler's Second Symphony. For this, Litton must have worked hard with his musicians to get the playing so assured all round, from the strings sinking their teeth into their first violent phrases with ferocious unanimity, to the proud brass perorations at the end (botched high C's from the trumpets apart). With Jean Rigby and Yvonne Kenny as soloists and a commendable showing from the City of Bath Bach Choir, this was in every way a technically impressive performance.

It was also exciting now and again, but not all the way through. Litton let the temperature drop in between Mahler's heated climaxes; but all the big moments came off splendidly, and the finale's vision of resurrection was properly awe-inspiring. When the Arts Council's own day of judgement arrives, the Bournemouth Symphony Orchestra will have done itself no harm with performances like this.

Richard Fairman

Rock

Bruce Springsteen

The Boss is back. No, not Margaret Thatcher – I can't imagine her in a black vest doing the business in the Milton Keynes Bowl – but Bruce Springsteen, dropping into middle England for his only visit this year.

You know where you are with Springsteen. He may be one of the dinosaurs of pop, with his man-of-the-people, belt-and-braces, rock and roll, but there has to be one big star who sings for the guy on the petrol pump, the girl at the supermarket check-out. And although a 44-year-old millionaire might not be the obvious candidate, Springsteen gives his all. He looks so much the part, the muscular trucker who would stop to help a buddie with a blow-out, although his designer stubble has been cultivated into an Errol Flynnish beard and moustache.

The raspy voice is now almost a croak, but at the perfect moment he cracks the mirror between the star and his fans, darting across the stage like a young 'un, dangling over the ravine to press flesh, and flopping into the throng before being restrained by two hefties. He blows his harp, he belts his guitar, he leers into the mike, and sweats for us. He injects total passion into his songs of urban alienation, of the American dream unstuck, of innocence betrayed by the system. He is the American rebel whom time has converted into the American hero, even for the Establishment. And he seems to enjoy it all so much.

There is the odd sign of ageing. The subdued acoustic introduction where he seemed to parody Bob Dylan; the songs that dwell on the lack of choice on television as much as unemployment; the rather disappointing announcement that his message for the people of Britain is "everybody needs somebody to love"; the need for an interval after only 70 minutes. He also tried to inject some unconvincing gospel into his act with "Satan's Jewelled Crown": sentiment is not his strength.

As twilight darkens, the man pulls out his heavy guns, those dramatic soaring rock ballads that may not be immediately distinguishable but which represent one of the most compelling riffs in contemporary music. You really believe "The night is made for lovers" while "The River" seems like the short story that sums up America. It may be an illusion: it is getting rather cold, and your neighbours in the throng are crashing down like drunken ninepins.

But that is a great Springsteen attraction. He makes mundane reality heroic while really it is sitting for hours in a Milton Keynes car park waiting for the world to go home.

Antony Thorncroft

Theatre/Alastair Macaulay

On a Level

If your experience of theatre-going usually lies in the West End, you hardly know the half of what live theatre can be. The great marvel of the Theatre Royal, Stratford East, is its audience, which is harmoniously multi-racial, largely working-class, and highly appreciative. If a show like *On a Level* was given somewhere in the heart of London, it might just be a success – that is, after all, what happened to *Five Guys Named Moe* – but it would not *belong* there as it does in Stratford East, where viewers whoop at its every hint and take it to their hearts.

On a Level is written, directed, and performed by seven talented young black British women who call themselves the Bibi Crew. The show is a revue that, item by item, takes the life of black women from birth and childhood through to old age and widowhood.

Most of the items are comic, and at first the humour veers between Victoria Wood-type satire and teenage silliness. But, during the second half, all the skits start to add up to something larger than humour – to a warm, simple, lyrical, tender, funny, unpretentious and open-hearted idea of what it is to be black in Britain today.

There is no serious racial tension about the show. You see and hear the comedy of blacks trying to conform to white ideals – kids with clothes-pegs on their noses (to make them sharp and pointed), women at the hairdressers desperate for "relaxed" hair. But you see too the lyricism of ordinary daily black life, and honour given to the black influence on Eurocentric culture. The Bibi Crew are black artists who can take pride in black British culture and yet make its many absurdities funny (especially to black viewers).

You have to have an ear for the finer points of Afro-Caribbean dialect to get all the jokes in *On a level*, and at Stratford East the audience has such ears. But, even if such delicacies were lost on this white male middle-class ex-Home-Counties-public-school viewer, he gradually fell for the show as a whole and three performers in particular: (in rising order) Suzette Llewellyn, Beverley Michaels and Joanne Campbell. Llewellyn in one sketch plays a frustrated teenage boy with such brilliantly acute energy that, even as you guffaw, you find you are also moved.

Michaels, a tall performer with an often cool, melancholy, even severe air, impersonates a wide range of roles with striking aplomb. And Campbell, a wide-eyed performer with darling charm or deadpan delivery, has variety, authority, and complete ease. She recreates the 1930s choreographer Buddy Bradley, who found that in Britain he could choreograph West End shows *and receive credit for doing so.*

But to single out these three is to omit the show's most expansive moment – the song "Natural Love" sung by Janet Kay with great beauty and humanity. And it is to omit the fact that most of these numbers are feats of ensemble playing. These performers are happy to work together, and happy to make their audience happy.

At the Theatre Royal, Stratford East, until June 12

INTERNATIONAL ARTS GUIDE

■ BERLIN

OPERA/DANCE

Mikhail Baryshnikov brings his White Oak Dance Project to the Deutsche Oper on Wed and Thurs. A revival of Götz Friedrich's production of The Ring, conducted by Heinrich Hollreiser, gets under way on Fri and Sun, with a cast led by Deborah Polaski, Robert Hale, Matti Salminen and Siegfried Jerusalem. Repertory also includes Die Zauberflöte, Der fliegende Holländer and a John Neumeier ballet evening (341 0249). The final performance this season of Jonathan Miller's new production of Capriccio, starring Yvonne Kenny and Siegfried Vogel, can be seen on Sat at Staatsoper unter den Linden, where repertory includes the Nureyev production of Sleeping Beauty, Patrice Bart's production of Minkus' ballet Don Quixote, Cosi fan tutte and Lohengrin (200 4762). Steve Reich's The Cave, a new work for music and video premiered at this year's Vienna Festival, can be seen at Hebbel Theater from Wed till Sun (251 0144)

CONCERTS

This week's highlights are a Vienna Philharmonic Orchestra concert conducted by Riccardo Muti at the Schauspielhaus on Fri, and a Berlin Philharmonic Orchestra programme of Beethoven symphonies conducted by Claudio Abbado at the Philharmonie on Sun morning and next Mon and Tues evenings. The Schauspielhaus programme also includes Berlin Symphony Orchestra concerts conducted by Ken-Ichiro Kobayashi tonight (Schumann and Liszt) and by Sian Edwards on Sun (Britten's Spring Symphony), and a concert on Thurs by Orchestre National de Lille under Jean-Claude Casadesus, featuring Sarah Walker in Chausson's Poème de l'amour et de la mer. The Philharmonie has a concert by St Paul Chamber Orchestra tonight, a piano recital by Bruno Leonardo Gelber and a Wynton Marsalis concert tomorrow, and a Mahler programme on Fri with the Berlin Radio Symphony Orchestra conducted by Vladimir Ashkenazy (Philharmonie 2548 8232/ Schauspielhaus 2090 2156)

THEATRE

The new Marlene Dietrich musical, starring Jutta Habicht, runs daily except Mon at Theater am Kurfürstendamm (300 6000). Theater des Westens has Porgy and Bess, daily except Mon (3190 3193). A new production of Ionesco's The Chairs is in repertory at Maxim Gorki Theater, along with plays by Chekhov, Shakespeare, Ibsen and Edward Bond (208 2783). Berliner Ensemble has Shakespeare's Pericles directed by Peter Palitzsch, daily till June 2 (282 3160)

● Tickets and information for theatre, revues, concerts and nightclub shows available from City Center Theater und Konzertkasse, Kurfürstendamm 16 (tel 882 6563 fax 882 6567) and Theaterkasse im Europa-Center (tel 261 7051 fax 261 9286)

■ NEW YORK

THEATRE

● Angels in America - Millennium Approaches: the first part of Tony Kushner's epic, freewheeling play about gay life, AIDS, Reagan-era politics and Mormonism. Not to be missed (Walter Kerr, 219 West 48th St, 239 6200)

● The Who's Tommy: a stunning stage adaptation of the classic 1969 rock opera, a collaboration between its original principal author, Pete Townshend, and director Des McAnuff (St James, 246 West 44th St, 239 6200)

● The Sisters Rosensweig: Wendy Wasserstein's new play, a comedy with serious undertones, about the reunion of three American Jewish sisters in London (Ethel Barrymore, 243 West 47th St, 239 6200)

● Oleanna: David Mamet's powerful drama about political correctness and sexual harassment (Orpheum, 126 Second Ave at 8th St, 307 4100)

● She Loves Me: revival of the 1963 musical by Joe Masteroff, Jerry Bock and Sheldon Harnick. In previews (Roundabout, Broadway at 45th St, 869 8400)

MUSIC/DANCE

Metropolitan Opera American Ballet Theatre season runs daily except Sun till June 12. Repertory for the next two weeks consists of David Blair's production of Swan Lake and Kenneth MacMillan's Manon (362 6000)

State Theater New York City Ballet's Balanchine Celebration runs daily except Mon till June 27. This week's repertory includes the full-evening version of A Midsummer Night's Dream from 1962 and the rarely performed Harlequinade of 1967 (870 5570)

Avery Fisher Hall Tomorrow: Kurt Masur conducts New York Philharmonic Orchestra in Ives' The Unanswered Question and Beethoven's Ninth Symphony. Wed: Masur presides over NYPO 150th anniversary ball. Thurs, Fri afternoon, Sat: Masur conducts Brahms, Ravel and world premiere of a new violin concerto by Czech-born American composer Karel Husa (b1921), with soloist Glenn Dicterow (875 5030)

JAZZ/CABARET

Blue Note Nancy Wilson is this week's guest singer. Music at 21.00 and 23.30. Dining (131 West 3rd St, near 6th Ave, 475 8592)

Rainbow & Stars Bill Stritch, a pianist-singer rooted in forties and fifties swing, is in the midst of an engagement here. Closed Mondays (30 Rockefeller Plaza, 632 5000)

Russian Tea Room Julie Budd presents tonight's musical tribute to Dorothy Fields. Dining (150 West 57th St, 265 0947)

Carlyle Hotel Bobby Short is in residence at Cafe Carlyle, while Barbara Carroll presides at the piano across the hall in Bemelmans Bar (Madison Ave at 76th St, 744 1600)

Michael's Pub Nancy Marano and Eddie Monteiro are the current attraction. Dining (211 East 55th St, 758 2272)

■ PARIS

OPERA

Opéra Bastille has Le nozze di Figaro tonight and Sat, plus Queen of Spades tomorrow and Fri (4473 1300). Opéra Comique has performances tomorrow, Thurs and Sat of Jean-Louis Martinoty's production of Ariadne auf Naxos, conducted by Armin Jordan, with a cast led by Karen Huffstodt and Peter Svensson (4286 8883). Tomorrow at Maison de Radio France: Jeffrey Tate conducts Orchestre National de France in concert performance of Krenek's Jonny spielt auf, with a cast including Judith Howarth and Stuart Kale (4230 1516)

DANCE

The Nouveau Festival International de Danse brings Britain's Royal Ballet to Paris next month for the first time in 40 years. The company will appear at the Théâtre des Champs Elysées between June 15 and 27 with five programmes, including Mayerling, Swan Lake, The Judas Tree, Still Life at the Penguin Cafe, A Month in the Country and Gloria (4952 5050). Ballet de l'Opéra de Paris will present two different versions of Giselle at Palais Garnier between June 1 and 17. The romantic version is staged by Patrice Bart and Eugene Polyakov, in a revival of their 1991 production based on the choreography of Jean Coralli and Jules Perrot for the work's première 150 years ago. Running in tandem will be Mats Ek's 20th century version, staged for the first time at the Opéra and conducted by Richard Bonynge (4742 5371)

CONCERTS

St Petersburg Philharmonic Orchestra, conducted by Yuri Temirkanov, opens a week-long Tchaikovsky cycle tonight at Théâtre des Champs-Elysées (4952 5050). Sylvia McNair gives a song recital tonight at Châtelet Auditorium (4028 2840). Myung-Whun Chung conducts the Opéra Orchestra in music by Ravel and Prokofiev on Wed at Opéra Bastille (4473 1300). On Wed at Maison de Radio France, Marek Janowski conducts Orchestre Philharmonique de Radio France in works by Haydn and Hindemith. Thurs: Leopold Hager conducts Haydn's The Seasons, with Justin Lavender, Mariette Kemmer and Peter Lika (4230 1516). John Poole conducts Groupe Vocal de France in sacred music by Mendelssohn and Thierry Escaich at Eglise Saint-Eustache on Thurs (4027 0880)

JAZZ/CABARET

Blues vocalist and slide-guitar artist Bill Wharton in residence this week at Lionel Hampton Jazz Club, music from 22.30.

THEATRE

● Mein Kampf: Jorge Lavelli directs George Tabori's farce about Hitler. Till June 27 (Théâtre national de la Colline 4366 4360)

● The Taming of the Shrew: Jérôme Savary's Shakespeare production starring Jacques Weber and Christine Boisson. Daily except Sat, Sun and Mon till July 4 (Théâtre national de Chaillot 4727 8115)

● L'Homme qui: Peter Brook's stage version of Oliver Sacks' book The man who thought his wife was a hat. Till Sat (Bouffes du Nord 4607 3450)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(All times are Central European Time)

MONDAY TO THURSDAY
Super Channel: European Business Today 0730; 2230
Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Samuel Brittan

Two deficits worse than twice one

A three-month *period of falling* UK unemployment is still not enough to establish that the peak has passed. The probability, however, is that unemployment has levelled off.

Even that, however, is remarkable, given that unemployment is usually a lagging indicator and that the forecasting fraternity expected much worse. The main danger to UK recovery now lies in a delayed effect from the European recession, which started after Britain's but is now of comparable severity.

There is not all that much scope for domestic demand to rise more quickly. The 5 per cent "output gap" shown at the bottom of the table is the Bank of England's central estimate of the gap between the actual level of output and that consistent with a stable rate of inflation. This could be an over-estimate and would have to be filled gradually and without more sterling depreciation.

Some 3 percentage points of *the gap corresponds to the UK* current balance of payments deficit. A sustainable recovery would involve taking up this part of the slack with exports or import savings. There is *thus, at most, 2 per cent* that could be taken up by an above-trend rise in domestic spending. If growth is already, or is likely soon to be, above trend, there is, as the National Institute for Economic and Social Research rightly says, little scope for further stimulus.

The main longer-term problem comes, of course, from the twin deficits: budget and bal*ance of payments. What no one* can say is whether they are like a bomb on a very slow fuse – as in the US – or one liable to blow up early, as in the UK in the 1970s.

The twin deficits have connected remedies: cutting the growth of spending, or raising taxes. (If such curbs are in the end offset by higher private-sector borrowing, they will still *be worthwhile. For the balance* of payments "problem" will then become a self-correcting private-sector one, as the Treasury once correctly argued.)

UK economy 1993
% of GDP

Current account deficit	3
Available domestic slack	2
Output gap	5

The usual argument against restrictive fiscal measures is that they just make a hole in the economy which would worsen the recession. That was the valid argument for Norman Lamont's "Augustinian" policy of £10bn pa of deferred tax increases. But, now that there are fairly strong signs of domestic recovery, it is time to start complementing them by a similar spending package.

It so happens that, by one of those suspicious arithmetical coincidences, the size of the current payments deficit, estimated by the NIESR at just under 3 per cent of GDP, is almost identical to *that* part of the budget deficit believed by the Treasury to be structural.

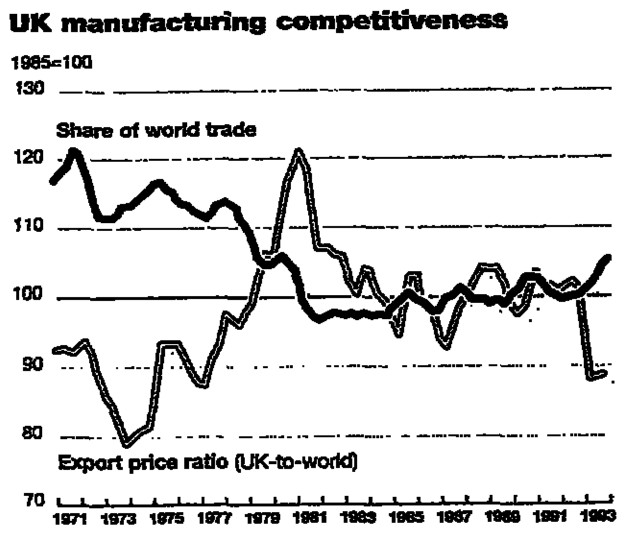
Many mainstream econo*mists argue that freeing* resources for exports and import-saving will not be enough without another deval*uation. That is highly perverse* counsel. Even the UK's ERM departure was widely seen as competitive depreciation. A further dose would confirm the worst suspicions and help unleash a beggar-my-neighbour war.

If a further improvement in UK competitiveness is required, the most promising route would be a rate of inflation below that of competitors. Evidence that this is achievable is that UK pay costs per unit of output have been *falling* by nearly 3 per cent a year.

There are more signs that UK industry is competitive already and that the payments gaps reflects a combination of overseas recession and insufficient UK capacity. In the 1980s, the UK share of world manufacturing exports was *stable or* even rising slightly, in strong contrast to the 1970s. This is despite the fact that the real exchange rate (measured by price competitiveness) was much less favourable than it has since become.

UK budgetary retrenchment will not close the payments gap while Europe goes into recession, but it will prepare *the ground* for improvement later and, meanwhile, sustain confidence.

UK manufacturing competitiveness



Source: NIESR

Andrew Hill on whether a sea change is likely when Belgium assumes the EC presidency in July

Where federalism isn't a dirty word

The latest bogeyman of British Euro-sceptics is likely to be a portly, bespectacled 52-year-old Fleming with a passion for soccer and federalism. He is Mr Jean-Luc Dehaene, prime minister of Belgium, which takes over the presidency of the European Community in six weeks.

Mr Dehaene's arrival at the helm of the Community could mark a sea change in the man*agement* of the EC. It will follow 12 months of cautious EC captaincy, first by Britain, then Denmark, both of which had to navigate through tortured domestic debates about the content of *the Maastricht* treaty on European union.

Mr Dehaene believes the Danish vote in favour of Maastricht last week provides a firm foundation for a more positive presidency. *As he* said in a speech on Thursday, the best response to the EC's political and economic problems is "not less, but more Europe".

With that in mind, Belgium has made implementation of the treaty its main objective in the presidency, whether or not the British parliament has approved the text by the time Belgium takes over on July 1.

On paper, Belgium's credentials for leading a renewed drive for closer union are impressive. But recently, economic problems and separatist pressures – notably in the Dutch-speaking north – have taken their toll on the country's longstanding reputation as a laboratory for practical European federalism.

One of the six founder members of the Community, Belgium has been part of a formal economic union (with Luxembourg and the Netherlands) since 1944 and of a full currency union (with Luxembourg) since 1921. What is more, two weeks ago, the country's parliament approved reforms which transform Belgium into "a federal state".

This is the sort of record which has British opponents of closer integration reaching for their invective. But, in constrast with British Euro-sceptics, ordinary Belgians' principal fear is not that federalism will increase the power of the central state, but that it might abolish it.

A month ago, thousands of Belgians marched in Brussels against separatism. They *worry that the reforms will* provoke a split between Dutch-speaking Flanders in the north, and French-speaking Wallonia in the south, with the bilingual capital – a region in *its own right – torn* between the two.

The chances of this happening are easily exaggerated by outsiders. The reforms are part of an evolution, the latest phase of which began in the 1960s with calls for more autonomy for *Flanders* and Wallonia and for the Dutch- and French-speaking communities. Legislative changes, including the latest, have introduced direct elections for *regional parliaments and left* the central government with responsibility only for the main lines of foreign and defence policy, internal security, the budget and social security.

It is true that a number of prominent politicians – most notably Mr Luc Van den Brande, the head of the Flemish government – see this latest reform as part of a wider process which could lead to even greater fiscal and financial autonomy for the regions. But this is unlikely to happen soon.

For Belgium, the development of European political union is essential to the success of its own constitutional reforms. "There is no contradiction between the reform of the Belgian state and the European integration process," says Mr Dehaene. "In my view, they are complementary."

He explains that both Belgian federalism and closer European political union should involve a decision-making hierarchy which responds to the needs of citizens – in other words, subsidiarity. In contrast with their counter*parts in some other member* states, Belgian politicians are trying to delegate appropriate responsibilities both to Europe and the regions.

But although Belgium sees *no contradiction* between its own brand of federalism and the EC's objectives, its experience may illustrate in miniature some of the potential problems of closer European union, based on subsidiarity.

Jean-Luc Dehaene: supports 'not less, but more Europe'

In Belgium, the process has been slow, and compromises have resulted in a very complicated political structure.

Separatism in Belgium has harmed its image as a laboratory for Euro-federalism.

For Mr Dehaene, this spirit of compromise is an asset and the complexity of the solutions a necessary evil, because it *avoids damaging confrontation.* But the bickering between Belgian politicians on the often incomprehensible detail of the latest constitutional reforms has alienated the Belgian people. That was part of the reason why centrist parties lost support in the November 1991 general election, and extremist and maverick politicians cashed in.

Some senior Belgian politicians fear the latest reforms will merely aggravate that. As Mr Pierre Harmel, a former Belgian prime minister and elder statesman, pointed out this month: "Some of these reforms are going to make the healthy management [of the country], and co-operation between the federal state and its components very difficult."

Belgium is already suffering early symptoms of such a malaise. The three regional governments have just managed to arrange a meeting to discuss their different responsibilities, after two months of argument *about who should invite* whom.

At the same time, as Mr Dehaene admits, arguments about the economic balance of the federal state threaten to upset the political consensus.

Flanders, economically more powerful than Wallonia, argues it should not have to "subsidise" social security payments *in the south.* Mr Dehaene insists social security rules will continue to apply uniformly throughout the country.

The debate echoes the EC's often-acrimonious discussions about "cohesion" funding for poorer member states. In Belgium, the imbalance means national decision-making, notably on budget measures, is *blighted* by the need to keep both sides happy: raising taxes punishes the north, while cutting welfare penalises the south.

Just such an *impasse* nearly derailed the government itself in March during a cabinet debate on how to cut Belgium's large budget deficit in line with tough Maastricht economic criteria. Mr Dehaene had to offer the resignation of his centre-left government to persuade the coalition partners to agree an austerity package.

Such structural difficulties – and the complexity of the Belgian federal solution – are bound to have an impact on the six-month presidency.

Mr Dehaene has already made clear that, in areas where Belgium's regions now have responsibility for international relations, they will be represented at EC councils, further prolonging and complicating the lengthy round-table discussions at meetings of, say, culture ministers.

Britain and, to a lesser extent, Denmark – both criticised for putting self-interest above the spirit of compromise – will be watching carefully to see how the Community's most enthusiastic member manages the next six months.

There are already some indications that Belgium's aspirations to run a neutral presidency, free of self-interest, may be only skin-deep. Although preparations for the next phase of European monetary union (Emu) are a top priority for the Belgian presidency, it is Belgium which has suggested in the past week that those criteria limiting debt, budget deficits and inflation may have to be amended if recession continues.

Mr Dehaene says Belgium will not propose a debate on the subject. But the fact that Belgian ministers have already indicated their concerns about the Emu conditions shows that even the most enthusiastic EC members cannot always subordinate their domestic problems to federal ambitions.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Threat posed by cuts in ECGD staffing

From A J Sharpe.

Sir, Your story "ECGD review" (May 20) requires some comment in order to alert UK exporters to the likelihood that recent increases in the cover available from the Export Credits Guarantee Department may prove difficult to access if trade secretary Mr Michael Heseltine's review of staffing *levels results in reductions in* the already overstretched workforce.

The business of ECGD has recently increased, in some areas by as much as 50 per cent, and this trend is expected to continue. Yet cuts in staffing were already proposed before the launching of this new review. The fact that the review may leave ECGD so understaffed that it will be unable to provide the promised service to exporters is not the only cause for concern. Following numerous previous reviews, *morale among ECGD* staff is extremely low, the result being that those with the most experience will take any opportunity to leave.

The impression given by your article is that the review will only concern itself with "overheads". This is not the case. The number of staff who directly deal with exporters will also be reviewed.

Morale is worst hit in ECGD's Cardiff offices, which are now threatened with closure. Instead of announcing a further review, it would be of more assistance if Mr Heseltine provided these staff with a guarantee that ECGD's operation will remain open there.

In order to ensure that the government provides a level of export credit support to UK marketers which is comparable to that available to our overseas competitors, it is not enough just to announce increases in the amount of cover offered and reductions in premium rates. The government must also motivate the staff who provide the service.

A J Sharpe,
chair,
trades union side,
ECGD Whitley Council,
2 Exchange Tower,
Harbour Exchange Square,
London E14 9GS

Audit Commission strives to be open and accessible

From Mr David J S Cooksey.

Sir, Your correspondent, Mary Bowerman (Accountancy Column, May 20), correctly identified that the National *Audit Office audits The Audit* Commission, but questioned whether this was not "a rather incestuous relationship".

We have no evidence to support this assertion. We have attempted to be accessible by promoting the publication of internal and external assessments of our performance. We are subject to periodic financial management and performance reviews by our sponsoring ministry, the Department of the Environment. One such review has just been completed and we are encouraging the ministry to publish the report as part of the process of opening up the Audit Commission to public scrutiny.

It is for government, and not *the commission, to define* our audit arrangements. If it were to respond to this demand and create a new independent auditing body for this purpose then we would welcome the new arrangement.

But I wonder how long after its formation we may expect a further article in the FT asking who audits the new auditing body?

David J S Cooksey,
chairman,
The Audit Commission,
1 Vincent Square,
London SW1P 2PN

Assessment of UK beer prices supported by the facts

From Messrs John Wakely and Christopher Wickham.

Sir, In response to Robin Simpson's criticism (Letters, May 19) of our report on the European brewing industry ("UK brewers top list for dear beer", April 5), let us point out a few facts.

Productivity figures which feature in our report came from data published by Efta/ *Combined Statistics*, a body that receives its information from brewing societies, including the UK Brewers Society.

On price, we deliberately focused on list price to aid European *comparisons.* Is Robin Simpson suggesting the UK brewers give a larger discount to supermarkets than, say, German brewers give to German supermarkets?

In summary, the UK Brewers Society seems *to* suggest that UK beer wholesale prices are not high. It would appear the UK government disagrees – thus, the Monopolies and Mergers Commission's supply-of-beer order which resulted in extensive pub disposals by brewers. Foreign brewers disagree – none has made any move to acquire a UK brewer. UK customers disagree – the trade deficit in beer continues to worsen. Finally, the stock market appears to disagree, otherwise the share price of brewers would not be so low.

John Wakely,
Christopher Wickham,
Lehman Brothers International,
One Broadgate, London EC2

BBC's Business Breakfast: its audience and its objectives

From Mr Paul Gibbs.

Sir, The Financial Times is regarded – rightly – by most people in business as a journal of record. It is unfortunate therefore that the review by Bruce Fireman of BBC's Business Breakfast (Arts: Television, May 19) should have drifted so far from the standards of accuracy and fair reporting which the paper normally sets for itself.

First, let me correct factual errors. It is not true, as Mr Fireman says, that "Business Breakfast has an average of only 199,000 viewers". According to the industry figures, our audience ranges from 200,000 *at 6am to 400,000 at 7am.* The weekly audience reach – the number of people who tune in for some part of the programme – is around 1m.

Now the distortions: It is simply not a fair description to say that we present national, international and local news, sport and weather, broken up with reports from our correspondents around the world. The non-business components account for about 18 minutes of an hour's programming.

Mr Fireman glibly suggests that the presenters are arithmetically challenged because in our market reports there is occasionally a difference between the figures which are read out and those which appear on the screen. The explanation is simple – the data we are giving comes from a live screen which is being continuously updated. The presenter reads directly from the screen. The studio graphics system takes a little time to convert the figures into caption form.

He says that we have fallen back on the idea of importing journalists as experts. We have not. But when it is clear that the most knowledgeable person on any subject is a journalist, we turn to that journalist.

Finally, Mr Fireman charges us with failing to do something we are not attempting to do. He suggests *that* we should realise – as Earl Brian of the Financial News Network in the US did – that "the real demand for a daily business programme was from the sort of people *who* sat around watching the screens in stockbrokers' offices". He must be aware that the reason FNN went bust was because it failed to find a viable audience.

While we are interested in being watched in the City, we are also concerned to address a much larger public by making business, economic and industrial news accessible to the widest possible audience.

Paul Gibbs,
editor, Business Breakfast,
BBC News & Current Affairs,
Wood Lane, London W12 7RJ

Correction

An article on the British Tourist Authority on Saturday quoted a speech by Mr Peter Brooke, national heritage secretary. The speech was, in fact, made by Mr Robert Key, national heritage minister.

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
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Monday May 24 1993

Mr Clinton and Bosnia

THE US and four fellow members of the United Nations Security Council have acknowledged, by the intensity of their weekend negotiations over Bosnia, that the moment of truth in this war has arrived. The 13-point communiqué proclaims international determination to contain the war. But the clearest if unstated message from Washington is that this common front is more facade than reality, largely because the US is unwilling to get involved on the ground.

If there is any chance of exerting effective pressure on the Bosnian Serbs through non-military means, it lies in tightening the blockade at the Bosnian frontier. Ostensibly, Serbia has now changed sides, backed the Vance-Owen peace plan and declared its intention to put pressure on the Serbs in Bosnia, by co-operating in the imposition of international sanctions. The statements of the Serbian president, Slobodan Milosevic, cannot be taken at face value, however. Preliminary indications are that he is not carrying out his newly declared policy.

Monitoring sanctions

If tighter sanctions are to be effective, they must obviously be monitored internationally at the Serbia-Bosnia frontier. But the Yugoslav authorities have already announced their rejection of international monitors, and the Washington communiqué meekly indicates that there will be no attempt to override Serbian objections. If this is a measure of the determination of the international community, we may be sure that Mr Milosevic will conclude that he is free to pursue a goal he has always pursued – a greater Serbia.

The five-power communiqué also endorses the concept of "safe areas", but it does so in terms so lukewarm that it is hard to believe that this is the prelude to serious guarantees of territory for the Bosnian Moslems.

That Russia is considering sending troops is good news, though Russians, traditionally allies of the Serbs, may not be ideally qualified for protecting Moslem areas. That the US will not be sending forces is decisively bad news. Safe areas cannot be protected except by putting troops on the ground, and this policy cannot carry real political conviction unless there is a military contribution from a wide range of countries. The (unstated) US undertaking, that it may go so far as to use air power to help to protect UN troops in the safe areas, is manifestly no substitute. It merely reinforces the message that the US administration does not want to get involved.

Clear message

President Clinton's wariness is understandable, to the extent that there are no good options facing the outside world. But caution is not in itself a policy, and by now American hesitation has become profoundly counterproductive, because of the clear message of tacit acquiescence it sends to the Serbs. An American contribution to an international contingent for protecting the safe havens would reverse that message and so reinforce the credibility of the undertaking that the numbers of soldiers required, and the dangers facing them, might both be much reduced.

The European Community is under a similar imperative. So far the main burden of Europe's military contribution to the humanitarian operations in the former Yugoslavia has been borne by France, Britain and Spain, in that order. Even if Germany can claim particular impediments, it must soon decide whether to exercise the political responsibilities consonant with its newly recovered sovereignty. The other member states should already be pulling more weight, as required by the declared objectives of the Maastricht treaty. In partnership with the UN, the European Community has been in the forefront of international efforts to press for a settlement in the former Yugoslavia. Logic and self-respect demand that all the member states which can should live up to the responsibilities they have implicitly claimed.

This is a moment of truth, not just for the war in Bosnia, but for the claims of the international community to promote a better world order. If these efforts fail in Bosnia, then the US, the EC and the new Russia will all bear a heavy responsibility. And the new but fragile role of the UN as an instrument for peace-making in the post-cold war world will suffer a lasting blow.

No U-turns on the railway

THE GOVERNMENT has scarcely a friend in the world when it comes to the privatisation of British Rail. That much has long been evident. Now even its own backbenchers are in ferment, threatening to revolt against the Railways Bill in parliament this week if the government fails to accept new clauses that would protect network-wide rail-card schemes and give British Rail the right to bid for franchises.

The fact that such hostility exists is hardly surprising. It is an indictment of the government's failure to provide satisfactory answers to many legitimate questions about how privatisation will work. The consequent vacuum of information has been filled by the belief that the complexities of the government's plans will far outweigh any benefits they bring, and that passengers will be left worse off than ever.

This is a more than a pity, for some simple truths have been forgotten as a result. One is that few people believed Britain's railways were satisfactory before the government came up with its privatisation plans. Another is that few people thought the railways had been satisfactory at any time during their 45 years of state ownership, whatever the political complexion of the government in office. A third is that few who give much serious thought to the matter would forecast a change in this state of affairs in the next 45 years, particularly in the light of the competing demands on public expenditure which the railways must expect to face.

Freedom of access

It remains the case that privatisation offers the best hope of giving Britain the railways it wants. A simple sell-off would have been one way of achieving that, but the scale of British Rail's losses militated against that option, and it would simply have converted a public-sector monopoly into a private-sector one. So instead, the government has decided to create an environment for competition by separating track infrastructure from train operations and giving freedom of access to all would-be train operators. The same trend is taking hold across Europe.

In fact, the first stages of this process constitute a very modest step towards privatisation. For the present, virtually all the railway's assets, including the tracks and the passenger trains, are staying in state ownership.

All the private sector is being asked to do is to bid for franchises to operate passenger services on British Rail's behalf. But even this small step brings the prospect of significant benefits – worthwhile improvements in productivity, a management motivated by financial rewards, and, it is to be hoped, the beginning of private-sector investment in rolling stock. And because the chosen structure sensibly avoids a "big bang" approach in favour of a piecemeal allocation of franchises over a period of years, there will be every opportunity to learn from experience as privatisation progresses. In short, for all the understandable concerns about the government's plans, the real danger is not that they go too far, but that they may not go far enough.

Risk of concessions

Clearly a government with a small majority must take heed of political reality. But the risk is that each time it wards off critics with concessions on issues such as the preservation of discounted rail-card schemes for special interest groups, it restricts the commercial freedom of would-be train operators and so diminishes the likelihood that privatisation will succeed.

Worst of all would be to accept the backbench amendment suggesting that British Rail should be allowed to bid for franchises. This is a wholly unnecessary provision since it will in any case be open to British Rail's existing management to participate fully in the privatised railway through management buy-outs. The amendment could easily lead to an outcome whereby the operation of most trains remained in the public sector, so eliminating the opportunity for introducing private-sector capital and blunting the potential for private-sector management to get to work on running efficient and innovative services.

Those now calling for a U-turn on railway privatisation must explain how preserving the political and managerial status quo is going to deliver the improved services everyone would like to see.

For richer, not poorer

UK banks are trying to increase revenues by devoting more time to selling services to high earners, writes **John Gapper**

Along Upper Grosvenor Street in London, near the chic hotels of Park Lane, some familiar symbols have started to appear. A couple of brass plates alongside the street's private banks now bear trademarks seen on suburban high streets throughout the country. The British high street banks are starting to treat richer customers differently.

Barclays has just joined Lloyds by opening a private bank for British customers on Upper Grosvenor Street. The bank has started to make discreet approaches to the richest individuals in its 2,200-branch network. It is asking to manage the funds of those with £250,000 or more in liquid assets. In return for substantial fees, it offers them an elite service.

Private banking services are one part of a much larger effort by British banks to end a tradition of offering largely the same service to everyone. For years, anyone who has walked into one of their 12,000 branches has been given an account, the chance of an occasional chat with the manager and some leaflets about other products.

This is now changing, as banks strive to sell more products and services. Most believe they have wasted money by offering the same products through the same delivery channels to all. They are trying to increase revenues by allocating more management time to customers who are likely to repay the effort, and devising new ranges of products to suit them.

Most banks think the most worthwhile customers are likely to be the better-off. This does not mean just the wealthy who are enticed into private banks. Banks such as Barclays and National Westminster have launched experimental services for professional employees. They are being allocated individual managers to deal with.

Few banks will admit this strategy of "segmentation" means a reduced service for mass market customer. Yet managers who now advise professionals will not be advising others. "Our more junior staff are being trained to a level where they can deal with most customers' needs," says Mr Geoff Ellerton, Midland's planning director.

This drive is partly to cope with the spread of accounts in the 1980s. "As a colleague said the other day, 'Only posh people used to have bank accounts,'" says Mr Larry Cattle, NatWest's head of customer relationships. But the demise of weekly pay packets and competition to attract customers have substantially widened access to accounts.

The democratisation of bank accounts did not matter much in the economic expansion of the 1980s. Most people had disposable income for mortgages, and banks could earn high levels of interest on their deposits. But with the recession, many newer customers no longer have the surplus cash required for profitable accounts.

Yet the drive is mainly an attempt to combat a basic problem with personal customers: that they do not buy enough products. Most people are accustomed to buying mortgages from building societies, and savings products from insurers. They do not regard high street banks as retailers of a variety of products in addition to money transmission services.

Thus Lloyds Bank sells life insurance products through its Black Horse Financial Services to only 16 per cent of customers, although 61 per cent of British people hold such policies. "We are trying to ensure our customers do not just spend a tiny amount of their disposable income with us," says Mr Brian Pitman, chief executive of Lloyds.

The first step is to identify customers who may buy other products. Not surprisingly, the banks' first target has been the better-off. All of them insist that is not the sole criterion. "It would be far too crude just to divide our customers into socio-economic groups. People are different ages, and come from different places," says Mr Pitman.

Nonetheless, income is a prime factor. NatWest has divided its customers into segments based on age, family status and income. The list comprises students and graduates; independent young people; families with young children; and the retired and those near retirement age. But its hardest marketing effort is aimed at professionals without children.

"Banks are now working very hard to satisfy what the person with a bob or two more wants," says Mr Cattle. There are two reasons. First, such customers have money for mortgages, insurance, and savings products. Second, although they may not have bought these from their bank in the past, many have limited time outside working hours to shop around.

The second step is to devise products that such customers will buy. The traditional way of doing so among retailers is to develop a product to suit the desired market segment. The difficulty for banks is that Midland tried this approach in the 1980s and has abandoned it. Midland found neither staff nor customers really understood the services it combined in single brands.

The brands were accounts called Orchard, Meridian and Vector. Vector, for example, was intended for professionals, offering linked current and savings accounts, with a free overdraft in return for a monthly fee. Midland also produced a proliferation of products intended for different market segments. By the end of the 1980s, it had 25 different savings accounts alone.

"We began to differentiate what we offered, but in the end we also confused people," says Mr Ellerton, "New customers do not want a huge choice, they want something quite simple". It found its own staff were unable to understand the products well enough to advise customers on what suited them.

The lesson learned by Midland is emphasised by Mr Pitman at Lloyds: A bank sells a mixture of financial products and advice. The more complex the product, the more expert the advice must be. This means banks cannot sell their products the way supermarkets sell theirs. They must disentangle delivery mechanisms to allocate more expertise to more complex products.

This had led to the third step. Banks are trying to ensure that managers spend their time with customers who will pay for it – either directly or indirectly. Both Barclays and NatWest are now experimenting with new services for professional and managerial customers. They are being allocated a manager who will visit them and then supervise their account.

Barclays charges £40 a year for what it calls its Premier service, which now covers 16,000 customers. NatWest does not charge the customers to whom it allocated "personal account executives", but instead relies on raising the value of the accounts by selling its financial products. Each executive has a target of about £80,000 of new business a year.

Mr Gordon Rankin, Barclays' deputy director of personal sector marketing, says the bank is aiming at customers who earn at least £30,000 a year. "Of course, we recognise that very few are going to put all their financial eggs in one basket, but we want to get a greater share," he says. It believes personal managers will achieve this objective.

But there is limited evidence so far. NatWest says that the value of accounts managed by personal account executives rises after 18 months, partly through the selling of other products and partly because cash balances increase. Yet there is reason to doubt whether such customers will buy many products from their banks, despite having the money to do so.

The problem is that professionals and managers are likely to be more discriminating about what they buy. The TSB, which has relatively few highly-paid customers, has been far more successful than other banks in selling insurance and other financial products. About 90 per cent of its customers are from outside the highest AB social groups. Yet one-third of its customers who have life insurance bought it from TSB, roughly double the proportion at Lloyds.

Mr Peter Ellwood, TSB's chief executive, rejects the view that banks should concentrate on higher paid customers. He argues they will continue to shop around for financial products. "People with that amount of discrimination demand the most competitively priced products," he says. Mr Ellwood argues the average TSB customer is more likely than a richer consumer to buy its own products.

If so, the banks that are expending increasing amounts of management time on the better-off face a stiff task. But they are already concentrating their efforts on carefully chosen customers. And whether they succeed or not, they have started to withdraw their old welcome for all-comers.

Credit where it is needed

Sitting in the front room of her council house in Coniston Grove, Bradford, Ms Lesley Clayton watches £200 counted out in front of her. The money, which she will use to buy clothes and birthday presents for her two small sons, is to be repaid at £6 a week for a year. The annualised percentage rate of interest (APR) on the loan is 168.2 per cent, writes John Gapper.

Ms Clayton, an unemployed single parent living on social security of £88 a week, is content with the terms. It is the second time the credit company Provident Financial has lent her money. She did not consider asking a bank. "I've never dealt with a bank. If you don't have capital, they won't lend to you. You can't blame them really," she says.

Ms Clayton's assessment of the attitude of banks towards the unemployed and the low-paid is increasingly accurate. Many were welcomed by banks in the 1980s – 45 per cent of the 1.3m customers who repay loans weekly to Provident Financial have cheque accounts. But now they are less in demand. "In an ideal world, we wouldn't have them on the books," says a banker.

Yet as banks concentrate their sales efforts on "high net worth" professionals, other lenders are flourishing. Provident Financial is the biggest provider of unsecured credit to poor people. The company, founded in 1880 by a non-conformist philanthropist, raised profits on weekly credit by 18 per cent to £45.7m last year.

Despite criticism of collected credit by consumer groups, "the Provi", as it is known, also appears to be popular. In a survey by an independent market research company, its service was rated at 4.5 on a scale of 1 to 5 by its customers, compared to an average 3.8 rating for other banks. Ms Clayton agrees. "They show you what you're letting yourself in for," she says.

The person showing her is Mrs Eileen Bosher, one of 10,000 collecting agents for Provident. Ms Bosher, who lives nearby, spends about 15 hours a week collecting weekly payments from her 88 customers. She earns abut £95 a week from the 7.5 per cent commission on gross collections of £1,250. "It's a bit like being a social worker. I even do the shopping for some," she says.

Provident makes small loans – an average of £330. For most banks, loans of less than £1,000 do not cover costs. The APR rates on its Handycash loans range from 105.4 for a two-year term to 353.9 for a 20-week loan. Provident emphasises that its APR rates include all charges, in contrast with banks' rates on overdrafts which are around 20 per cent.

It allows borrowers to miss occasional payments, but is strict about pursuing loans. Although it makes full provisions against all loans more than 12 weeks in arrears, it takes borrowers it believes are capable of paying to court. It also insists on agents continuing to call years after a loan has been written off, even in search of repayments as low as 50p.

In the 1960s, Provident diversified into retailing through catalogues and stores where vouchers could be exchanged for goods. It feared that the ending of the weekly wage packet in manual jobs could doom weekly credit by taking cash from households. But the fears were unfulfilled, and it is now disposing of catalogue and store businesses to concentrate on cash loans.

Mr Howard Bell, managing director of personal credit, says it is returning to its roots partly because it no longer feels threatened by banks. "Banks moved down market in the 1980s, and they got their fingers burned," he says. He says banks lack a network of local agents to judge the risk of unsecured lending to people with few or no assets.

Provident is also at odds with banks in its scepticism about selling other products through its network. Having experimented with agents selling products such as holidays, it has given up. "Our agents are simple folk, and everything else is more complex than cash loans. If people want to buy insurance, we'll lend them the money," says Mr Bell.

As banks spurn the poorer customers they took on in the 1980s, the prospects of the 900 credit companies that lend to 4m people appears healthy. Banks' increased use of credit ratings to repel such customers is only likely to add to demand for Mrs Bosher's loans. "Let's face it, we're all human. Anyone can have a bad time," she says.

OBSERVER

An insider speaks out

■ So who knew what, and when? These are the questions being asked as Franz Steinkühler fights to retain his job as Germany's most powerful union boss in the wake of the disclosures about his recent winning streak on the German stock market.

Karl Otto Pöhl, the former president of the German Bundesbank, is in no doubt that Steinkühler must have had some idea of the impending decisions at Daimler-Benz where he is on the supervisory board.

"As a private citizen I am convinced that Steinkühler had information, for I was myself deputy chairman of the supervisory board at VW during the 1970s, and I know how it works. Of course there is no officially recorded information," he told Welt am Sonntag, the leading German Sunday newspaper.

Even if Steinkühler did not know about the plans which led to a sharp rise in the share price, there were others who probably knew something was afoot. Prior to the event, Deutsche Bank chief executive Hilmar Kopper, whose group has a big stake in Daimler, was asked about plans to do away with MAH, which holds a big stake in Daimler. All he would say was "watch this space". But two weeks before, Deutsche board member Ronaldo Schmitz had hinted to fund managers in Düsseldorf that action was likely before Deutsche would do anything to reduce its 28 per cent Daimler stake.

Pöhl's real concern is that the allegations of insider-trading against Steinkühler could damage Germany's international reputation as a financial centre, especially in the US. American investors found it hard enough to understand why leading trade unionists were on the supervisory boards of German companies in the first place, says Pöhl.

If they now believed that such board members were speculating in the shares of their companies, "they will prefer to avoid the German share market altogether".

Muti groupie

■ It is not only a love of opera that GEC boss Lord Weinstock and soprano Dame Elizabeth Schwarzkopf share. They also have a rather specific taste in records judging by their choices for the BBC's Desert Island Discs programme.

The German-born opera singer made a name for herself by choosing eight of her own records, and yesterday Lord Weinstock restricted his musical selections to the works of his old friend, the 51-year-old conductor Ricarrdo Muti. He admitted he was a "Muti groupie" and said that he had been present at all the performances chosen. His choice of book was If This Be a Man, by Auschwitz survivor Primo Levi, and his luxury was a photo album of his family, friends and horses.

'Norman's got the recovery in virtual reality'

GEC seems to be on a bit of a roll at the moment judging by the improvement in its share rating. Indeed, Lord W, 69 in July, let slip that he has just had his office repainted.

My Tiny story

■ Still on the subject of the captains of industry and their peccadillos, Tiny Rowland's farewell article in The Observer yesterday was more interesting for what the Lonrho chieftain left out, than what he said. The late Sir Basil Smallpeice, who led the famous move to oust Tiny 20 years ago, does not even rate a mention, for example.

However, Rowland does have one sound business tip picked up from his one-time business partner Daniel Ludwig, the reclusive US shipping tycoon who died last September: "Never get into a pissing match with a skunk."

"I haven't always found it easy to follow this sage advice," admits the 75-year-old Rowland who obviously feels that in Ludwig he had met one businessman who really understood him.

Just kidding

■ Imagine the horror felt by gold bulls, who have been bellowing like mad about the recent gold price rise, when the latest International Monetary Fund statistics showed that in March Belgium's central bank had sold another 60 tonnes of the metal.

For there is one thing virtually guaranteed to send the gold price spiralling back down again – any clear indication that central banks have once again started to sell off their gold stocks, about 34,000 tonnes or 10 years' supply.

Belgium appeared to have chosen the moment when the gold price in US dollar terms hit its lowest level in seven years for its third sale of central bank bullion. It previously sold 127 tonnes in 1989 and 202 tonnes in 1992.

But there were sighs of relief all round when the Belgian bank admitted that it had sold no gold. It had provided the IMF with the wrong figures because of "human error".

Big round numbers

■ What's $20m between friends? Not much if the friends are the creditors and administrators to Maxwell Communication Corporation, it seems.

Unkind sorts might suggest that accountants Price Waterhouse can't add up, since their letter to creditors last week suggests asset realisations of $775m-$1,350m, while the accompanying detailed disclosure document suggests a range of $781m-$1,364m. But the firm assures Observer that the discrepancy is simply due to rounding the figures to the nearest, hey, $25m.

One thing is certain. The discrepancy is nowhere near enough to cover all the professional fees involved – more than $78m to date … and rising.

Rock bottom

■ The Welsh Mountain Zoo in Colwyn Bay has come near to the ultimate in bad taste in celebrating its 30th birthday. To mark the occasion, it is staging a "Who's Poo?" quiz, in which visitors are challenged to identify various animals by sniffing samples of their dung.

FINANCIAL TIMES
Monday May 24 1993

Izetbegovic says 'safe areas' strategy abandons his country to a carve-up

Bosnian Moslems bitter at allies

By Laura Silber in Belgrade

MR Alija Izetbegovic, the Moslem president of Bosnia, yesterday lashed out at the international community for abandoning his country to a carve-up, after the US, Russia and their European allies announced a plan aimed at preventing future territorial gains by Serbs.

He pledged to use all means to defend the sovereignty of Bosnia-Hercegovina. "We are not going to waste time any longer in futile negotiations," Mr Izetbegovic said in a statement broadcast on Sarajevo radio. "The world has not left us with many choices."

Mr Radovan Karadzic, the Bosnian Serb leader, yesterday welcomed the plan as the recognition of Serb victory. He said it was clear that the allies "have shrunk from interfering in the civil war and that Bosnia should be transformed into three states."

The US, Russia, France, Britain and Spain agreed at the weekend on a joint strategy aimed at containing the war. The US backed off from earlier pledges to arm Bosnia's outgunned Moslems and roll back Serbian war gains. The allied foreign ministers announced measures including the offer of US air power to protect United Nations troops in "safe areas" being created within the republic.

The viability of "safe areas" was, however, called sharply into question by the leaking of an internal document of the UN High Commission for Refugees revealing a breakdown of law and order in Srebrenica, a Moslem enclave in eastern Bosnia.

The document describes heightened tension among defeated Moslem fighters, local inhabitants and refugees in Srebrenica, one of six Bosnian government strongholds which have been designated "safe areas" under international protection.

Crime and unrest have become commonplace, and a Canadian commander complained that he must "use more manpower to control the local population than to police the frontline".

Last week a group of 15 armed men broke into a warehouse and stole part of the UNHCR assistance, it says.

Moslem fighters have handed over only about 10 per cent of their weapons to the peacekeepers, says the document.

Only 2,000 local inhabitants remain, but the population has trebled to 19,000 as Moslems have sought sanctuary from Serb troops elsewhere in eastern Bosnia.

"Srebrenica at this moment is a big refugee camp without the resources," said Mr Laurens Jolles, a senior UNHCR official. Trapped in their enclave, its people depend on the whims of Serb commanders who decide whether to allow the passage of food relief.

When the concept of "safe areas" was proposed, UN officials feared that without muscle, these would fall to their hostile neighbours. Now they worry that Srebrenica remains cut off from the outside world with no possibility of a normal life.

Stop-gap agreement, Page 3
Editorial Comment, Page 13

Abu Dhabi near to bringing charges over BCCI collapse

By Andrew Jack in London

THE GOVERNMENT of Abu Dhabi is close to bringing both civil and criminal charges against the key individuals from the collapsed Bank of Credit and Commerce International who it believes defrauded it of $2.2bn.

The government, which is the majority shareholder in the bank, is at an advanced stage of determining whether to sue for compensation former BCCI directors and employees it alleges stole money it entrusted to the bank through ICIC, a Cayman Islands subsidiary.

The money came from the private departments of Sheikh Zayed, the ruler of Abu Dhabi, and Sheikh Khalifa, the crown prince. These men, along with the state department of finance and Adia, the state investment authority, hold 77 per cent of BCCI's shares.

The Abu Dhabi public prosecutor's office is believed to be near to bringing criminal charges against 13 individuals detained in the country since BCCI was closed in July 1991. These include Mr Swaleh Naqvi, its former chief executive.

The action comes as the liquidators to the bank at accountants Touche Ross are believed to be close to making a decision on whether to issue writs against the Bank of England for its role as lead regulator to BCCI.

The liquidators have already issued writs for damages of more than $8bn against accountants Price Waterhouse and Ernst & Whinney, now part of Ernst & Young, for their role as auditors to the bank, and of $10.5bn against the National Commercial Bank of Saudi Arabia and Sheikh Khalid bin Mahfouz, its former chief operating officer, for fraud and racketeering.

The government of Abu Dhabi would itself sue individual BCCI employees, while other litigation is being handled by Touche Ross. Any proceeds will be split equally between the two parties.

The prospect of new litigation comes as Touche Ross prepares for the election of a formal five-strong creditors' committee from 24 candidates this Thursday, at what is expected to be the world's largest ever creditors' meeting at London's Wembley arena. The committee will approve the firm's fees and sanction its future actions.

Adia, the Abu Dhabi investment authority, which is owed at least $72m, has put up a candidate. Also standing is Mr Adil Elias, owed $2m, who is a member of the existing informal creditors' committee and who is opposing in the Luxembourg courts the settlement between Abu Dhabi and Touche Ross.

Mr Christopher Morris, one of the liquidators to BCCI under English law, is expected to make a speech at the creditors' meeting based on the firm's report to the UK Department of Trade and Industry last month.

BCCI victims gather, Page 8

China acts to tighten credit reins as inflation fears grow

By Tony Walker in Beijing

CHINA has begun enforcing tougher credit restrictions, squeezing funds available for both investment and operating expenditures, according to foreign bankers and businessmen.

Fears of a resurgence of inflation, with the urban rate at an annualised 17 per cent in April, have prompted the renewed drive by China's central bank to curb a credit explosion and calm an overheating economy.

However, the lending clamp has revived worries of a return to the boom and bust cycle of the 1980s, when tough administrative measures slowed economic growth dramatically. "Many local joint ventures are starved of currency," said a western banker, citing cases of businesses that now have to go to a "grey market", dominated by non-bank financial institutions, to borrow funds at rates of 20-40 per cent.

China's economy grew by nearly 13 per cent last year and growth in the first four months of 1993 exceeded an annualised 14 per cent. Western economists have long been warning that such rates are unsustainable.

Last week China increased interest rates on bank lending and deposits in an attempt to staunch the flow of funds from the banking system.

The credit squeeze coincides with a continuing depreciation of the yuan, with rates to the dollar exceeding Yn10 on the black market against an official rate of Yn5.7.

The People's Bank is reported to be placing non-bank financial institutions, such as local trust and investment companies, under more stringent supervision to restrain credit growth. Lending by the institutions has fuelled a real estate boom and the spread of economic development zones in provincial areas.

China has also indicated that it plans to restrain money supply growth to a figure of about half that of last year, but western economists in Beijing are sceptical. M2, the broader measure of money supply, climbed by 30 per cent last year, and continued in similar vein in this year's first quarter.

New plan for HK airport, Page 4

Lamont may go next week as pressure grows for reshuffle

By Philip Stephens, Political Editor, in London

MR JOHN MAJOR last night faced pressure to bring forward his expected ministerial reshuffle as further cracks appeared in cabinet unity over the Treasury's fundamental review of welfare spending.

Ministers raised the possibility that the UK prime minister may be preparing to replace Mr Norman Lamont as chancellor as early as next week.

The suggestion came as some of Mr Lamont's senior colleagues voiced concern about the risk of a public backlash against the curbs on welfare spending that are being studied in the Treasury.

Mr Major has made it clear he will not be "bounced" into ministerial changes, and late July remains the most probable date for a cabinet shake-up. The prime minister's office refuses to comment on the speculation.

But as a further spate of leaks confirmed that the Treasury is exploring cuts in core areas of the welfare state, close associates of Mr Major acknowledged the growing pressure within the Tory party for speedy changes.

The associates indicated there was now a "possibility" he would use next week's parliamentary recess to conduct a reshuffle that would see Mr Lamont moved from the Treasury. One suggestion last night was that Mr Major might combine a limited shake-up of cabinet posts with much wider changes in the middle and junior ranks of the government.

But friends of Mr Lamont insisted there has been no indication that Mr Major has made up his mind to move him. The chancellor, who returned to London yesterday from a meeting of European Community finance ministers, has put in place a series of meetings in coming months to prepare for the budget in November.

The political row over the spending review – which ministers warned threatened a government defeat in the forthcoming Christchurch by-election – has intensified the pressure on Mr Major to reassert his authority.

Mr Michael Portillo, the chief secretary, sought to defuse the latest speculation by declaring that the government would stick to its manifesto commitments to preserve the child benefit payment and to uprate it in line with inflation.

Accusing the Labour party of "scare tactics", he insisted no decisions had been taken in other areas such as widening the base for prescription charges, introducing "hotel" fees for hospital stays and cutting invalidity and unemployment benefit.

But cabinet colleagues echoed warnings from backbench Tory MPs that Mr Portillo's understandable reluctance not to close options before the completion of the review had created serious concern among the electorate.

Ministers in charge of large Whitehall spending departments are said to be deeply concerned about the political risks.

Mr Gordon Brown, Labour's chief spokesman on Treasury matters, indicated that the opposition would aim to keep up the pressure on the government by demanding specific assurances on a range of benefits and NHS services.

Voters defy threats

Continued from Page 1

guerrillas fighting government forces briefly occupied a polling station, fired into a ballot box and stole a UN vehicle. An artillery bombardment could be heard nearby.

In Poipet on the Thai border, two voters were slightly injured when mortar rounds, apparently fired by the Khmer Rouge, exploded near a polling station.

On Friday night, two Chinese UN staff were killed by what appears to have been a Khmer Rouge rocket aimed at a government police station in Kompong Cham province. The attack was condemned by the UN Security Council in New York.

Tony Walker adds from Beijing: China also condemned the attack yesterday. The criticism was much tougher than one earlier this month after a similar incident at the Kompong Thom base.

Beijing did not refer directly to the Khmer Rouge, but the latest incident seems certain further to cool relations with its former close allies, and could even lead to a complete break.

China backed the Khmer Rouge with arms and ideology in the 1970s. "We strongly condemn this serious act of violence," a Chinese foreign ministry spokesman said.

Lending below target

Continued from Page 1

French government.

Mr de Neergaard's report says one board member "regretted that the annual report [which makes no mention of the Paris office] could not be considered correct with respect to EBRD offices".

On the use of flights and the president's own travel arrangements, the committee has discovered that Mr Attali's contract states: "Your travel expenses shall include the travel and hotel expenses of your wife in attending overseas annual meetings of the Board of Governors and in accompanying you on official travel whenever you consider this to be in the interests of the bank."

A report dated May 14 on the bank's financial performance during the first three months of the year by a group of technical assistants, who report to the directors,
points out several examples of overspending including "hospitality costs", which are 17.9 per cent over budget, and three departments' spending on "mission and travel: the secretary general's office, which spent 33.3 per cent more than its allocation, the communications department, 22.8 per cent over budget, and president's office, 29 per cent over budget.

World Weather

		°C	°F
Ajaccio	S	22	72
Algiers	S	23	73
Amsterdam	S	20	68
Athens	S	25	77
Bahrain	S	35	95
Bangkok	C	32	90
Barcelona	F	20	68
Beijing	S	33	91
Beirut	S	21	70
Belfast	F	17	63
Belgrade	S	25	77
Berlin	C	17	63
Bermuda	S	21	70
Bombay	S	34	93
Bordeaux	S	23	73

		°C	°F
Boulogne	S	24	75
Brussels	S	22	72
Budapest	S	16	61
Buenos Aires	R	25	77
Cairo	S	29	84
Cape Town	F	18	64
Caracas		-	-
Casablanca †	F	19	66
Chicago †	Dr	14	57
Cologne	S	21	70
Copenhagen	S	20	68
Corfu	S	26	79
Dallas †	C	22	72
Dublin	S	13	55
Dubrovnik	S	24	75
Edinburgh	S	15	59
Faro	F	20	68
Florence	S	24	75

		°C	°F
Frankfurt	S	21	70
Geneva	S	21	70
Gibraltar	R	17	63
Glasgow	F	18	64
Helsinki	F	19	66
Hong Kong		-	-
Innsbruck	S	23	73
Inverness	S	14	57
Islamabad	F	40	104
Istanbul	F	21	70
Jakarta	R	33	91
Johannesburg	S	22	72
Lisbon	R	16	61
London	F	19	66
Los Angeles †	C	18	64
Luxembourg	S	20	68
Madeira	C	20	68
Madrid	F	22	72

		°C	°F
Majorca	S	27	81
Malaga	R	17	63
Malta	S	25	77
Manila	F	37	99
Melbourne	F	14	57
Mexico City	F	20	68
Miami †	F	26	79
Milan	S	23	73
Montreal †	S	10	50
Moscow	S	12	54
Munich	S	20	68
Nairobi	C	25	77
Naples	S	26	79
Nassau	F	31	87
New Delhi	S	40	104
New York †	S	14	57
Nice	S	20	68
Nicosia	F	23	73

		°C	°F
Oporto	R	14	57
Oslo	S	22	72
Paris	S	24	75
Prague	C	13	55
Reykjavik	F	7	45
Rhodes	S	25	77
Rio de Janeiro	F	29	84
Rome	S	22	72
Salzburg	S	19	66
S'Francisco †	C	13	55
Seoul	S	24	75
Singapore	R	26	79
Stockholm	S	23	73
Strasbourg	S	22	72
Sydney	S	18	64
Taipei	F	28	82
Tangier	C	19	66
Tel Aviv	S	25	77

		°C	°F
Tenerife	S	19	66
Tokyo	F	27	81
Toronto †	S	9	48
Tunis	S	27	81
Valencia	F	21	70
Venice	S	23	73
Vienna	C	17	63
Warsaw	F	19	66
Washington †	F	14	57
Zurich	S	21	70

Temperatures at midday yesterday
† Noon GMT temperatures
C–Cloudy Dr–Drizzle
F–Fair Fg–Fog H–Hail
R–Rain S–Sunny
Sl–Sleet Sn–Snow
T–Thunder

THE LEX COLUMN

Stores of value

Some sparkling results and upbeat trading statements from UK retailers last week were not enough to lift the gloom from the stores sector. April's consumer spending figures were a touch disappointing, but they followed something of a mini-boom in April last year. About the only concrete bad news was the average earnings figures which suggested that wage increases are likely to continue at a very low level. But the rumblings about public spending cuts also reminded investors that consumers are likely to be squeezed.

Marks and Spencer's announcement that its wage bill would rise by 6 per cent also focused attention on costs, and the success of its "outstanding value" promotion on price competition. Both will be critical factors for a sector unlikely to return to 1980s-style easy living. Marks has turned up the heat on those clothing retailers which rely on high margins. Kingfisher's consistent low pricing efforts in DIY, perfume and sun care products are doing the same to Texas, Do It All and Boots. The recent spat about the relative prices of CDs in the UK and the US has brought the high cost of UK retailing to consumers' attention.

Perhaps most significantly the advent of several US discount retailing formats such as Warehouse Clubs will undermine the price structure of a wide range of retailers. Marks and Kingfisher have at least focused on the problem. Sleepier stores which do not dominate their categories with low cost operations had better wake up.

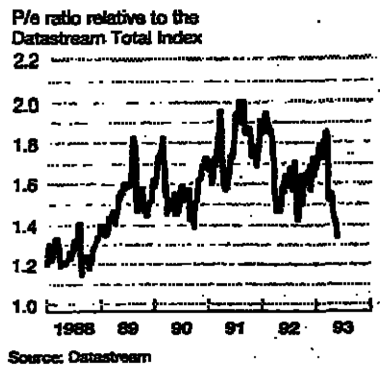
Brands

With the Marlboro cowboy revealed as a bit of a wimp and BSN admitting mineral water may be little more than water after all, worry about the demise of the brand is flavour of the month. UK investors, though, have had nothing to learn that they did not already know. For years, the competitive UK food market has stripped commodity businesses and poorly-managed brands of their value. Companies, like Hillsdown Holdings and Ranks Hovis McDougall, have suffered in this way.

UK food retailers have been in the vanguard of developing private label products: J. Sainsbury's Novon detergent range shows it can penetrate the best defended markets. The emergence of more discount retailers will further exacerbate competition. Their growth may win them greater buying discounts which they can pass on to

Rentokil

P/e ratio relative to the Datastream Total Index



Source: Datastream

shoppers, building structural deflation into the system. The recent spell of low inflation – and even severe deflation in some products – has made life painful for brand managers.

Such trends mean industry polarisation will accelerate. Only strong and innovative manufacturers, such as Unilever and Cadbury Schweppes, are likely to survive in the branded game. Failure, though, does not necessarily spell financial ruin. Northern Foods shows respectable returns can be achieved from manufacturing retailers' own label products. The beneficiaries of the branded manufacturers' discomfort should logically be the food retailers. Curiously, the stock market has de-rated their shares too. This may reflect the turn in the investment cycle. It also suggests the big superstores' own brand franchises are threatened by the discounters.

Rentokil

One day Rentokil will certainly regret its stated target of 20 per cent compound growth a year. Indeed the 20 per cent fall in its shares since early March suggests the market already has its doubts. It is thus natural to look with suspicion on last week's bid for Securiguard.

The argument is beguiling. Rentokil needs a new source of growth, not least to offset the impact of the recession in Europe. Last year's profits were flattered, not only by currency gains, but also because Rentokil took the last available opportunity under the old accounting standards to make an extraordinary provision of £7.8m to cover the cost of meeting US environmental standards. Its accumulation of net cash inhibits growth, while the company is now large enough to need more than bolt-on acquisitions. Hence the interest in Securiguard, whose operating margin of 5 per cent compares with 25 per cent at Rentokil.

Assuming the bid eventually succeeds, Rentokil would have to raise Securiguard's margins significantly to justify its move. That is quite a challenge. Securiguard's cleaning focuses on the local authority market which is price rather than quality sensitive. Nor is there any certainty that companies will pay, as Rentokil believes, a premium for a quality security package. It would not do to write Rentokil's chances off too soon. At constant exchange rates earnings grew 20 per cent last year: turnover in the recession-bound UK was up 7 per cent, operating profit up a commendable 12. Still, on a historic multiple of 23, the company cannot afford to falter.

Airlines

There are several ways of going global in the airline industry. British Airways' expensive strategy has been to buy minority stakes in other national airlines and develop closer operational links. But the proposed integration of KLM Royal Dutch Airlines, Scandinavian Airlines Systems, Swissair and Austrian Airlines suggests another way forward. The four medium-sized carriers are discussing how to pool their resources to create a fleet of more than 270 aircraft. This would make the merged airline the second largest European carrier after BA and the seventh biggest in the world.

The theory is attractive. The proposed integration, though, would be fraught with operational difficulties making many doubt whether the airline will ever get off the ground. The airlines have declared their determination to set up a jointly-owned company with a unified management and balance sheet. But the trade unions are already questioning which national hubs will suffer as a result. The complexities of unifying operating systems and corporate cultures would be immense. The venture would also have to leap some high regulatory hurdles. Still, SAS is itself the product of the merger of three airlines, and its history highlights the possibilities.

If the venture does proceed, BA would certainly face far stiffer competition in Europe. Those with the most to worry about, however, would be Air France and Lufthansa. Both carriers suffer from high operating costs. Moreover, neither has yet charted a viable route to a global future.

FINANCIAL TIMES
COMPANIES & MARKETS

Monday May 24 1993

INSIDE

Banesto chairman wants US listing

Banesto, the Spanish commercial bank which recently outlined plans to raise Pta130bn ($1.04bn) in new capital, told a tumultuous shareholders' meeting at the weekend that it would not be paying a final dividend for 1992. Mr Mario Conde, Banesto chairman, said Banesto would seek a listing on the New York Stock Exchange after its capital increase. Page 17

Tokyo builders forecast falls

Japan's leading construction companies forecast sharply lower profits this year, expecting that the fall in private orders would outweigh the new contracts arising from a planned expansion of public works spending. Page 17

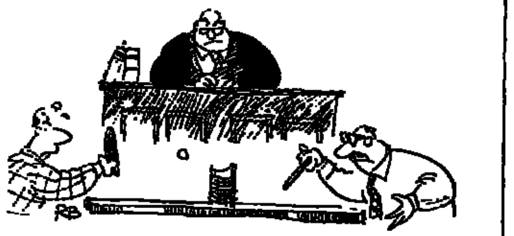
Hope for Maxwell creditors

Mr Mark Homan, head of insolvency at Price Waterhouse, gestures towards a chart of more than 400 companies in Maxwell Communication Corporation on his office wall. After 18 months on the case, the joint administrators to MCC – including Mr Homan – may be able to squeeze some returns for creditors from these remnants of the late Mr Robert Maxwell's empire. Page 16

Nadir investigation turns to bank

The trustees in bankruptcy to Mr Asil Nadir, the fugitive businessman, are investigating a Turkish bank which made a loan last year secured against a house bought for Mr Nadir's girlfriend. Page 16

Icahn in courtroom tussle



Mr Carl Icahn, the former corporate raider, and Mr Leon Black, once a banker with Drexel Burnham Lambert, have been arguing for months over a company. The men, who sometimes play each other at tennis, became involved in a game of financial ping-pong. Matters will come to a head in a Manhattan courtroom today. Page 17

Prospective p/e ratio

The latest prospective p/e ratio for the "500" index for calendar 1993 is 14.4, according to IBES, the consensus estimates service (last week: 14.4). This compares with an IBES estimated p/e for the "500" of 18.6 (18.6) for calendar 1992. The official FT calculation of the historic p/e, based on the latest reported earnings, is 18.25 (18.56).

Market Statistics

Companies in this issue

BTR close to £100m investment in China

By Peter John in London

BTR, the industrial holding company, is expected today to announce a £100m (US$154m) investment in mainland China via its Australian subsidiary, BTR Nylex.

The company is planning a move into the country's bottling industry, which is failing to meet national demands at a time when beer production is forecast to overtake that in Australia.

A BTR executive said the company's investment was expected to be at least A$200m (US$143m) during three to five years. This is a substantial direct investment in China, where foreign companies' involvement has to date been modest.

Mr Alan Jackson, BTR's chief executive, has been travelling in Hong Kong and southern China during the past week and was expected yesterday to be signing completion documents in Guangzhou, southern China.

Mr Norman Ireland, the group's new chairman who has just taken over from Sir Owen Green, BTR's founder chairman, said he was unable to comment until an announcement had been made to the Hong Kong Stock Exchange. He expected a statement would be made in the UK today.

The deal would fit in with the conglomerate's strategy for Asia – BTR Nylex last week announced a A$115m deal in Indonesia for its wholly-owned Westinghouse Brake and Signal Company subsidiary.

When Sir Owen was asked by a shareholder at BTR's annual meeting last week if he was planning to expand into Asia he reportedly said: "Watch this space. If you are patient the question you ask will be answered in a very full and satisfactory way." Further signals of an impending deal were picked up by financial analysts when Carlton United Breweries, a subsidiary of the Australian Foster's lager group, last week signed a brewery deal in China.

Foster's US$7m agreement with the state-owned Princess Brewery in Guangdong province, south China, is part of an anticipated US$140m involvement by the end of this century in a network of breweries across the country. Foster's expects to sign a further agreement soon in northern China and anticipates that within five years it will produce more beer in China than in Australia.

BTR Nylex is a big supplier to Carlton in Australia and the company's presence in China would be reassuring to the Australian brewer.

Guy de Jonquières explains a change of recipe as markets look for defensive stocks

Investors turn up their noses at food shares

STOCK markets have long viewed food manufacturing as a safe haven in harsh economic times. Yet despite deepening recession in continental Europe and uncertain recoveries in the US and Britain, many branded food stocks on both sides of the Atlantic have recently sunk to low levels.

Last week, prices of European industry leaders, including Cadbury Schweppes, Unilever and United Biscuits fell further after Mr Antoine Riboud, chairman of BSN, said France's biggest food company was ready to cut prices to hold its market share of difficult markets.

How difficult is clear from the 5.7 per cent drop in BSN's first-quarter sales. In the same period, Unilever's operating profits stagnated in Europe and North America, while at Nestlé, the world's largest food company, sales volumes rose only 1 per cent.

This gloomy news comes less than two months after Philip Morris, the world's biggest tobacco company, rocked confidence in the power of consumer brands by slashing the US price of Marlboro cigarettes to keep market share.

There is growing evidence that the industry is gripped by fundamental forces, which augur yet fiercer competition and further structural change.

The recent worldwide fixation among consumers of all income groups with price and value is viewed by many manufacturers as a permanent trend.

One reason is the widespread expectation that economic recovery will be sluggish. "In earlier recessions, people thought that when it was all over, they would board an express train again," says Mr John Campbell, an industry analyst with County NatWest. "That is not their perception this time."

But consumers are also becoming more discriminating as they are bombarded with an ever wider choice of products by manufacturers seeking growth in food markets where overall volumes are flat. That is particularly true in the US, where many product categories are contested by more numerous, equally-matched companies than in Europe.

In many European countries, by contrast, competition in the food industry is more often imposed by retailers. As they concentrate into fewer, bigger groups, with greater buying power and scale economies, they are dictating terms even to their largest suppliers.

Retail pressure is intensifying at both ends of the market. At the lower end, hard discounters such as Aldi of Germany have prospered by offering a narrow line of keenly-priced basic products.

After expanding strongly across the continent in the 1980s, Aldi and other European discounters have begun moving into the UK.

Simultaneously, many continental supermarkets are intent on emulating the success of British chains such as J. Sainsbury, which earn large profits from high-quality own-label ranges.

Mr Ian Davis, head of the European consumer industries practice of McKinsey, the management consultants, argues that own-label pricing is fast setting the standard to which branded products must compete.

Both trends – also evident in slightly different forms in the US – threaten to squeeze the profit margins of branded food manufacturers long after recession is over. How can manufacturers fight back?

Recent industry developments point to four broad answers:

- Accelerated restructuring and cost-cutting to improve margins and price competitiveness. Such initiatives have recently been taken by companies including BSN, Procter & Gamble of the US and PepsiCo's Frito-Lay snacks division.
- More rigorous weeding out of weak businesses and a tighter focus on those with solid market positions. Though some companies, including Cadbury Schweppes, Unilever and United Biscuits, took action in the 1980s, others have been much slower.
- For instance, Nestlé's towering strength in chocolate and soluble coffee masks mediocre performances by several other businesses in which it is a marginal player. The company recently signalled that it may start making disposals, possibly by swapping assets with competitors.
- More selective brand support. Cadbury has halved to six the number of brands at Trebor Bassett, its sugar confectionery division, to concentrate resources on the strongest. BSN may soon start axing brands which are not market leaders.
- Speedier innovation. This is the industry's current buzz-phrase, as manufacturers strive to tempt consumers and earn higher margins by developing more distinctive new products and variations of existing ones.

However, the exercise has limitations. The cost of marketing new products continues to rise, and nine out of ten usually fail. Even successes can be a mixed blessing. Some manufacturers admit that the more new products they launch, the less loyal consumers are to established brands.

Furthermore, some types of product, such as mineral water and baked beans, are inherently resistant to innovation.

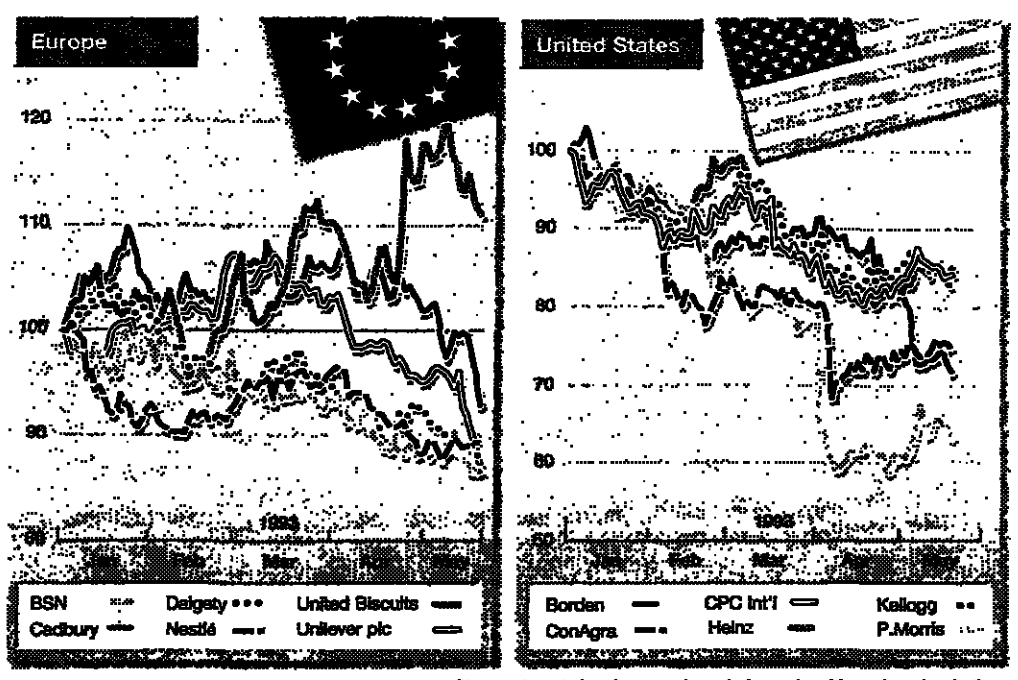
These trends together point to a more volatile and unpredictable future for an industry once renowned for its monolithic stability. But are they also a recipe for sustainable profits?

Many experts agree the answer will depend on manufacturers' success in cutting costs. But even then, some believe shifts in consumer psychology and the retail environment will make really high returns increasingly hard to achieve.

"I think things are going to get a hell of a lot tougher for brands," says Mr Davis of McKinsey. "The real survivors will be those which can prosper on margins of 5 to 10 per cent, instead of 25 to 30 per cent."

Lex, Page 14

Food stocks fall out of favour



Source: Datastream

Share prices in local currencies relative to local broad market indices

LSE chief executive received £348,500

By David Hellier in London

MR PETER RAWLINS, who resigned in March as chief executive of the London Stock Exchange was paid £348,500 ($536,690) last year, 28 per cent more than his 1991-2 remuneration of £272,500, according to a draft of the exchange's 1993 annual report.

It says Mr Rawlins's pay included a £75,000 performance-related bonus "against the achievement of specific objectives achieved during the year". In the previous year, Mr Rawlins received a £60,000 performance-related bonus. Mr Rawlins resigned after the exchange was criticised in the City of London for its attempts to set up a computerised settlement system called Taurus. The project was abandoned on March 11, forcing the exchange to write off £75m.

Mr Rawlins said: "I had one of the biggest jobs in the City and I received bonuses based on meeting objectives which were set a year ago."

The draft report and accounts, which cover the year to March 31, 1993, has been sent to board members but has not yet been approved by the board.

The accounts, due to be published in June, also say Mr Rawlins received payments following his loss of office. The amount is omitted from the draft, though it will be included in the final version. The accounts also say Mr Rawlins was given a £9,500 car.

A member of the board's remuneration committee, which is chaired by Sir Anthony Tennant, the retiring chairman of brewing group Guinness, said: "Mr Rawlins did a good job at cutting expenses and costs at the exchange ... We went out of our way not to give him anything more than was necessary."

The exchange refused to make any official comment. Other members of the remuneration committee include Sir Michael Richardson, chairman of brokers Smith New Court and Donald Brydon, chairman of BZW Investment Management, Barclays' fund management business. The accounts will also show that the highest-paid director after Mr Rawlins, who is not specified, received between £215,000 and £220,000. In the previous year, the highest-paid director after Mr Rawlins received between £115,000 and £120,000. Mr Andrew Hugh Smith, the exchange's chairman, received a small fall in remuneration from £180.600 to £171.900.

China's unique path towards the free market

Economics Notebook

By Alexander Nicoll, Asia Editor

CHINA'S leaders call their approach to reform the "socialist market economy" or "socialism with Chinese characteristics". This is an attempt to give ideological grounding to the communist party's maintenance of firm political control while switching from central economic planning to the free market. However, there are a number of ways in which the rapidly growing Chinese economy really does have distinguishing characteristics from other reforming countries.

First of all, there is its sheer size. The World Bank's exchange rate conversion methods give China a per capita GNP of $370 in 1990, the latest year for which figures are available. But figures from the United Nations International Comparison Program, based on purchasing power parities, give per capita GDP as $1,950. This would make China the world's second biggest economy, larger than Japan but well behind the US. The International Monetary Fund will shortly publish similar statistics, though it is understood to put China's per capita GDP at about $1,300, ranking the economy among larger European countries.

The significance of such figures should not be overdone. China is still a low income country with a huge population. Professor Nicholas Lardy of the University of Washington, Seattle says that if per capita output continued to grow at four times the pace of the US, it would be nearly 30 years before the economy's size surpassed that of the US. If the early boost given by reforms to productivity wears off, it would not pass the US until the middle of the 21st century. "On a per capita basis China would not catch up to the US until the end of the 22nd century." Prof Lardy writes in *International Economic Insights*.

Though China's growth has many similarities with that of the four "dragons" – Hong Kong, Singapore, South Korea and Taiwan – Professor Lardy argues that China will not become a newly industrialized country in the sense of growing per capita income leading fairly rapidly to developed, high income status. However, Prof Lardy notes: "In terms of economic impact, China could soon become the dominant player in Asia."

Deng Xiaoping's open-door policies have produced export growth rates to which countries such as India at present only aspire. China is uniquely placed to have a big impact on the region – and the world – because of the scale of growth of its imports and exports in periods, such as at present, when a renewed push for reform triggers rapid economic expansion. The numbers are big. The Asian Development Bank projects China's exports and imports this year at nearly $80bn each.

Chinese import growth opens new markets for exports from Asian and other countries. But its growing industrial export capacity is replacing that of its neighbours, and its exports of low-technology labour-intensive products such as toys and shoes are capturing significant shares of the world market. Moreover, its reforms are drawing large flows of funds from the region, partly due to another unique characteristic: the diaspora of well-off ethnic Chinese abroad keen to make profits in the motherland, and in particular the existence of Hong Kong as an entrepôt of trade, investment, technology and management skill.

While the scale of China's potential distinguishes it from other countries in the eyes of foreigners, size and its external impact are not what China means by emphasising the singular nature of its reforms. It is seeking a middle way between capitalism and socialism. For political survival, the communist party is trying to achieve market-led prosperity without the social disruption of the former Soviet bloc and the political pressures on reformers in the Indian sub-continent.

Unchallenged political control has meant that unlike the east Europeans, China's leaders have been able to adopt a gradualist and experimental approach to reform, described by former premier Zhao Ziyang as "crossing a river by feeling stones on the river bed". They started with some advantages: a narrow industrial base, a high savings rate, a decentralised provincial system. Starting from this base, piecemeal reform had substantial benefits. Initial agricultural reforms reduced innate fears of basic shortages and created a new store of wealth as well as available labour which assisted subsequent reform. Most importantly, rather than attempting privatisation of loss-making state industries, China has fostered the development of non-state industry. This has dramatically cut the state's role in the economy, and has put competitive pressures on state industries.

Mr Cyril Lin of St Antony's College, Oxford, notes in a recent paper "the overwhelming importance of the market mechanism in China today: only 12 per cent of total industrial output was subject to planning in 1992, and is expected to fall to 7 per cent this year". He says only 25 per cent of investment is centrally planned, and 83 per cent of sales are through the market.

China, says Mr Lin, is unique among former Soviet-type economies in that it has excess aggregate supply. "An overstocked supply of consumer goods is chasing recalcitrant buyers." By contrast, countries in the former Soviet bloc face declining output coupled with instability, making it impossible for them to be gradualist. For them debates about the value of shock therapy compared with China's evolutionary approach are merely academic, as Mr Lin notes. Economists seeking direct parallels with China which could help the former Soviet bloc are fairly hard pressed to do so.

Unique though it may be, China cannot escape the need for sound economic management. It needs to cut the budget deficit by curbing losses and subsidies of state-owned enterprises. Financial reforms, including a greater a role for interest rates, are urgently required. With these deficiencies in macro-economic control – the credit gates are either fully open or fully closed – it is quite likely that China will continue to lurch through boom-bust cycles. However, the fluctuations should become less violent, and they seem unlikely to halt either growth or reform unless there is serious political turmoil or severe external shock.

Business Post plans UK float for July

By Roland Rudd in London

BUSINESS POST, the UK's biggest independent parcel and express mail company, is planning a flotation in early July, expected to capitalise it at more than £50m ($77m).

It is the latest in a long line of public offers, which include RPC Group, the rigid plastic packaging company, and Carpetright of London, to be brought forward before the mid-July sale of the UK government's remaining BT shares.

Business Post was formed in 1971 by Mr Peter Kane, chairman, who along with family trusts, owns 85 per cent.

He was joined three years later by his brother Mr Michael Kane, managing director, who owns the remaining 15 per cent.

Around 25 per cent of the new share capital will be placed with institutions by Baring Brothers and UBS.

The group expects to raise up to £15m, of which £3m will go to the Kane brothers.

A further £12m is to be invested in three new national hubs, in Manchester, Bristol and Leeds, bringing the total number of hubs to 14.

Since the year ending March 1987 sales have grown from £2.2m to £23.7m at the end of March 1992.

The latest results show revenue rose to £33m at the end of March 1993 with a forecast of £44m by the end of 1994.

The group made operating profits of £3.2m at the end of March 1992 and the prospectus will show that profits have grown by more than 40 per cent.

Texas to make UK-designed chip

By Alan Cane

A UK-designed microprocessor chip chosen to power an innovative electronics product has also won the endorsement of a leading US electronics manufacturer.

The endorsement by Texas Instruments, the world's sixth largest semiconductor maker, means the chip will be used in cars and portable telephones and could give Europe its first significant success in microprocessors.

Texas Instruments said it had agreed to manufacture and market chips designed by Acorn RISC Machines (Arm), a Cambridge-based joint venture owned by Acorn of the UK together with Apple Computer and VLSI Technology of the US. Olivetti, the Italian office equipment supplier, has a majority stake in publicly quoted Acorn, which supplies most computers used in UK schools. The world microprocessor market is dominated by US manufacturers, notably Intel and Motorola. The Arm chip is one of only two European microprocessors, both designed in the UK, to have made any impact on the market. The other, the transputer, developed by Inmos (now part of French Italian group SGS Thomson), has been used chiefly for high-power applications including supercomputers.

The Arm chip has been selected by Apple as the heart of its "Newton" personal digital assistant to be launched later this year, an innovative computer which is said to accept handwritten input.

The chip is physically smaller than others but powerful and consumes little power. This makes it ideal for consumer electronics products such as mobile telephones or "smart" cards. Texas Instruments intends to build it into systems for controlling car engines.

The success of a new microprocessor design depends on the number of manufacturers who will licence the design. Arm has already licensed its design to GEC Plessey of the UK and Sharp of Japan in addition to VLSI Technology and Texas Instruments.

C&W considers taking stake in Telecom Eireann

By Alan Cane

CABLE and Wireless is exploring the possibility of taking a stake in Telecom Eireann, the Irish state-owned telecommunications company, as part of its strategy to strengthen its position in Europe.

C&W said yesterday that discussions were in progress at a senior level between the UK telecommunications group and the Irish government which could lead to a strategic alliance or a joint venture.

C&W was not prepared yesterday to give further details of the discussion now in progress, which it said were at an early stage. No indication was given of how large a shareholding was under consideration.

Telecom Eireann is the Republic of Ireland's most profitable public sector company. It made a pre-tax profit of I£94m (£85.5m) in the year to end-April 1992 on revenues of I£782m. With 1m customers and 13,500 staff its value has been estimated at I£1bn were it to be privatised.

The possibility of a UK group taking a stake in the company is likely to ruffle Irish sensibilities. Last year the prime minister Mr Albert Reynolds, then finance minister, caused a storm of protest when he indicated that part of TE could be up for sale.

TE is overmanned, is carrying a heavy debt burden and has need of technological and financial support to carry through an ambitious development programme.

C&W, which dominates the Hong Kong telecommunications market, has a presence in some 50 countries through a series of alliances with local operators.

Lazard bids for Grahams Rintoul

By Peter John

LAZARD Brothers, the merchant bank, has made an agreed bid for Grahams Rintoul & Company, the specialist investment management company.

The move, announced yesterday, marks a return to the investment trust market for Lazard. It provides Grahams Rintoul with a high-profile name and it enables Lazard, which is fifty per cent owned by Pearson – the conglomerate that also owns the Financial Times – to expand its private investor base. Mr Jimmy West, chief executive of Lazard's investment management arm, said: "Investment trusts are a growing market and an area in which we could do with some expertise."

The acquisition of Grahams Rintoul, for an undisclosed sum, brings two trusts with a combined net asset value of about £55m – the Grahams Rintoul, which concentrates on smaller companies, and the North American Gas trust which is geared for the specialist investor.

Lazard has been absent from the investment trust arena since it was faced with a hostile bid for its Romney and Raeburn Trusts in 1988. The attack prompted the bank to turn the trusts into an open ended Guernsey-based investment company called Lazard Select. Subsequently, Lazard took on Mr Jimmy West from Globe Investment Trust to head up Lazard Investors and in January this year Investors became the fund manager for Crown Financial Services' £680m assets. The Rintoul acquisition is small by comparison and even smaller in the light of the £4.2bn of assets managed by Lazard Investors but it is the merchant bank's first fully-fledged return to the investment trust area.

However, funds managed by Lazard are smaller compared with the tens of billions managed by its merchant banking rivals, Schroders, Robert Fleming, SG Warburg and Morgan Grenfell.

Pioneering a path through a legal minefield

After an 18 month wait MCC creditors have a dividend in prospect. Andrew Jack reports

MR MARK HOMAN, head of insolvency at Price Waterhouse, gestures towards the broad window-sill of his office in central London. A chart of more than 400 companies in Maxwell Communication Corporation spreads across its entire length.

After a year and a half working on the case, the joint administrators to MCC – including Mr Homan – are reaching the point at which they be able to squeeze some returns for creditors from these remnants of the late Mr Robert Maxwell's empire. Creditors have in the last few days received three documents which offer them the prospect of a first dividend towards the end of the year. They have just over a month to respond.

On December 16, 1991 the directors of MCC filed a petition for protection from creditors under Chapter 11 of the US bankruptcy code. The next day, they petitioned the English courts for administration under insolvency law.

The frenetic activity in the months before the death of Mr Maxwell, its chairman, was to take many months to untangle. It would involve not simply trying to understand a series of highly complex and poorly documented transactions from the past, but also negotiating a pioneering arrangement through two separate and fiercely independent legal jurisdictions.

"It's just mind-boggling having two courts each seeking to assert its authority over each other," says Mr Homan. "It had never been done. It could have been a recipe for disaster."

Initially the administrators considered applying to have control moved solely into the UK courts. But the US judge made it clear she had no intention of relinquishing power. Two entirely separate liquidations under the different systems would have been costly, complex and lengthy.

Co-operation seemed the only answer, creating a series of logistical and diplomatic demands. While the administrators at Price Waterhouse had day-to-day control, the US court appointed an "examiner" to scrutinise the process.

Many actions left to the discretion of administrators in the UK required court approval in the US. A series of procedures had to be drawn up specifying who had power to make decisions. One of the administrators took 25 transAtlantic flights in nine months. "You live your life on an aeroplane," says Mr Homan, who himself travelled across more than once a month during 1992. "It's absolutely shattering."

Administrators had to find a solution which was legal in both the US and the UK and which did not significantly disadvantage any creditor group

The results of the negotiations are highlighted from the front cover onwards of the three documents now circulating among creditors. The proposals are called both an English "scheme of arrangement" and a US "plan of reorganisation". Mr Homan says: "We have one concept and one exit plan with two different wrappers."

The text is the culmination of many months of delicate negotiations and compromise between lawyers and accountants on both sides of the Atlantic. There were five principal distinctions between Chapter 11 and administration which needed to be overcome:

- Barring of claims. Chapter 11 debars new creditors from coming forward and claiming in an insolvency after a fixed date. English insolvency has no such provision and allows new creditors to catch up with distributions from any remaining proceeds. The MCC plan leans towards the US, but allows the English courts to recognise new creditors at their discretion.
- Currency conversion. Chapter 11 converts claims into dollars at the time of filing. English law converts claims into sterling at the start of the scheme. Under the plan, all claims will be held in whichever currency they were denominated, and liquid assets already realised in MCC are currently being held in a basket of currencies weighted according to these denominations.
- Rights to interest. In the US, interest-bearing claims stop paying interest at the time of the Chapter 11 petition. In England, they would continue until the start of the scheme. The proposal will follow the US rules and stop paying on December 16 1991.
- Preferential and priority creditors. US priority and English preferential creditors – such as payroll costs – are defined differently under the two laws. Rather than cause tensions, the widest definition has been used. That gives all of these claimants first access to any distributions from realisations of MCC assets.
- Voting. In the US, creditors can vote by post and approval needs a two-thirds majority by value. In England, they must vote in person and have a three-quarters majority. Creditors will be required to vote under both arrangements, but the English ruling will hold most importance since its threshold is higher.

Mr Homan says: "We had to come up with a solution which was legal in both countries and didn't cause any creditor group any significant disadvantage. We have done things which disadvantage most creditors a little, but don't create a separate class of disgruntled creditors. We give the advantage to a minority rather than creating a blocking majority against the proposals."

His work was also helped by the fact that MCC had no secured creditors. More than $3bn (£1.9bn) was loaned without any security against the assets of the group. "If we had lots of different classes of creditors, it might not have been possible," Mr Homan says.

Now the onus is on creditors. If they vote in favour, and the proposals are sanctioned by the English and US courts, the scheme and plan could begin at the end of July and there may be a first distribution as soon as November.

From unsecured liabilities in the range $3.2bn-$3.6bn, the administrators estimate realisations of $781m-$1.36bn. That gives a dividend of 22-43 per cent, to which could be added a further 9 per cent in realisations from potential litigation with a value of up to $300m.

"It's taken a lot of effort to find the common ground," says Mr Homan. "Given these circumstances we would probably do the same again. But if creditors vote this down I don't know where they will go. There would be a clash of jurisdictions which would lead to an Armageddon scenario."

RJB reassures investors over pension fund shortfall

By Andrew Jack

RJB MINING, the coal-mining group formed in a management buy-out from AF Budge and which is due to be floated next month, yesterday reassured employees and investors over a £1.1m shortfall in funds owed to its pension fund.

The company's flotation document last week revealed that only £2m had been paid to its pension fund out of £3.1m which had been agreed for transfer in December from the pension fund of AF Budge, the construction group which collapsed last year.

The company said its directors were confident that the pension scheme would receive all outstanding payments and that the delay would not affect its flotation, due on June 7.

It said they were confident that assets controlled by the Budge pension fund, including an office block currently under offer in Leeds, would more than cover the shortfall and interest in compensation for the delay.

It said it had received more than 15,000 applications for shares. The flotation will raise up to £50m and the company will be capitalised at £103m.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Compass Group (UK)	SAS Service Partner (Scandinavia)	Catering	£71.9m	Move into continental Europe
Foster's (Australia)/ Huaguang Brewery (China)	Joint venture	Brewing	£55m	Foster's strategic move
Shougang (China)	Kader Investment (Hong Kong)	Property investment	£49m	Another HK listed company stake
Macluan Capital Corp (Canada)	Unit of Fisons (UK)	Horticulture	£39m	Fisons US disposal
Amylum (Belgium)/Archer Daniels Midland (US)	Tsarevichni Produkti Razgrad (Bulgaria)	Food	£13m	First Bulgarian privatisation
Reuters (UK)	Effix Holdings (France)	Software	£7m	Develops relationship
Leeds Group (UK)	Tim Beheer/Itex Brummen (Netherlands)	Textiles	£3.5m	First non-UK buy
Allied-Lyons (UK)	Perrier-Jouet/Barton & Guestier (France)	Drinks distribution	n/a	Buy from Seagram
AIOC Corp (US)	Unit of Axel Johnson (Sweden)	Metals trading	n/a	Joining world's leaders
Tele-Communications (US)	Cablevision (Mexico)	Cable TV	n/a	Taking 49% stake

AVIS

AVIS EUROPE LIMITED
(the "Issuer")
(a Company incorporated with limited liability under the laws of England, formerly known as Avis Europe plc)

NOTICE
to the holders of the
£75,000,000
11¾ per cent. Bonds due 1996
of the Issuer
(the "Bondholders" and the "Bonds" respectively)

NOTICE IS HEREBY GIVEN that, at the offices of Baker & McKenzie at 100 New Bridge Street, London EC4V 6JA on Monday 28th June 1993 at 11am (London time) Cilva Holdings PLC ("Cilva") and the Issuer will make a presentation to the Bondholders with regard to the performance of Cilva, the Issuer and their respective subsidiaries during the financial year ended 28th February 1993 in accordance with Clause 9 of the Second Supplemental Trust Deed dated 7th August 1992.

A Bondholder wishing to attend the presentation in person must produce at that time either his or her Bond(s) or a valid attendance certificate or valid attendance certificates issued by a Paying Agent relative to the Bond(s) of which he or she is the holder. In order to obtain an attendance certificate, a Bondholder should contact a Paying Agent.

ADDITIONAL INFORMATION
PRINCIPAL PAYING AGENT
The Royal Bank of Canada
71 Queen Victoria Street
London EC4V 4DE
Telephone: 071 489 1188

OTHER PAYING AGENTS
Internationale Nederlanden Bank (Belgium) S.A./N.V.
Rue de Ligne 1
B-1000 Brussels
Telephone: 010 322 217 4040

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
L-2955 Luxembourg
Telephone: 010 352 47971

This notice is given by:
AVIS EUROPE LIMITED
Avis House
Park Road
Bracknell
Berkshire RG12 2EW

By Order of the Board
J.A. Nicholson
Secretary

Dated 24th May 1993

Sakura Holdings S.C.A.
Société en commandite par actions
33, boulevard du Prince Henri, L-1724 Luxembourg
R.C. Luxembourg B 39 726
NOTICE OF ANNUAL GENERAL MEETING

is hereby given that the annual general meeting of shareholders of Sakura Holdings S.C.A. will be held at the registered office at 33, boulevard du Prince Henri, Luxembourg on 1st June, 1993 at 11.30 a.m. (local time) with the following agenda:

1. Submission of the reports of the Manager, the Supervisory Board and Statutory Auditor.
2. Approval of accounts and allocation of results.
3. Discharge of the Manager, of the members of the Supervisory Board and of the Statutory Auditor.
4. Statutory elections.
5. Miscellaneous.

Holders of bearer shares who wish to attend the annual general meeting must deposit their shares on or before 27th May, 1993 with Sakura Bank (Luxembourg) S.A., 33, boulevard du Prince Henri, L-1724 Luxembourg, where proxy forms may be obtained.

The Manager

CREDIT LOCAL DE FRANCE
JPY 40.000.000.000
6% BONDS DUE 2001

Pursuant to the Terms and Conditions of the Bonds, notice is hereby given to the Bondholders that JPY 5.000.000.000 have been purchased Nominal outstanding: JPY 35.000.000.000

THE PRINCIPAL PAYING AGENT SOGENAL
SOCIETE GENERALE GROUP
15, Avenue Emile Reuter
LUXEMBOURG

U.S. $10,000,000
The Chase Manhattan Corporation
Floating Rate Oil-Linked Notes due 1994

For the six months interest period from May 24, 1993 to November 24, 1993 the interest rate has been determined at 4.375% per annum. The amount payable on the relevant interest payment date, November 24, 1993, will be U.S. $223.61 per U.S. $10,000 principal amount.

By: The Chase Manhattan Bank, N.A.
Calculation Agent

May 24, 1993

CHASE

Wells Fargo & Company

US$250,000,000
Floating rate subordinated notes due 1997

In accordance with the provisions of the notes, notice is hereby given that for the interest period 24 May 1993 to 24 August 1993 the notes will carry an interest rate of 5.25% per annum. Interest payable on the relevant interest payment date 24 August 1993 will amount to US$134.17 per US$10,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

Banesto to scrap payout and seek New York listing

By Peter Bruce in Madrid

BANESTO, the Spanish commercial bank which recently outlined plans to raise Pta130bn ($1.04bn) in new capital, told a tumultuous shareholders' meeting at the weekend that it would not be paying a final dividend for 1992.

Mr Mario Conde, Banesto chairman, said he would follow a very conservative policy on dividends and provisions for this year, but promised shareholders the bank would establish open dividend guidelines for this year and 1994 soon.

Banesto has already declared a zero profit for the first quarter of 1992, transferring its income to provisions to cover bad loans, which have rocketed as a result of the slump in the Spanish economy in the last six months.

The bank paid Pta205 overall for 1991 and has so far paid an interim Pta95 for 1992. Analysts had been expecting a sharply lower final dividend, given Banesto's ambitious cash call, a 55 per cent fall in net profits at the parent last year and the likelihood that the Spanish recession will damage most bank income statements this year.

Mr Conde, who said Banesto would seek a listing on the New York Stock Exchange after its capital increase, spent most of the meeting pressing the 3,000 shareholders present to support the plans. "I am asking you to sacrifice today's profits for reasonable expectations for tomorrow," he said.

Mr Conde, personally, and a group of investors led by J. P. Morgan, the US investment bank, are committed to big investments in the bank during the raising of new capital and Mr Conde was at pains to assure shareholders that the operation was not speculative.

He said J. P. Morgan's Corsair fund, which includes leading US institutions, had agreed to hold the investment it would pick up in Banesto during the capital increase for at least two years. The intention was to hold the shares for up to five years, he said. The three-stage capital increase will raise Banesto's BIS capital adequacy ratio from 9.3 per cent to 12 per cent.

Shareholders approved the capital increase and the appointment of Mr Roberto Mendoza, J. P. Morgan vice-chairman, to the Banesto board. In spite of Mr Conde's efforts to sway shareholders, it is understood that the bank and its new partners would be satisfied if they managed to raise even half the Pta130bn they have set their sights on.

Stage set for an end to E-II melodrama

Nikki Tait reports on a long-running tussle due to culminate in a courtroom

OLD financiers don't die; they just land on E-II. This exotically-named company owns some familiar businesses, including Samsonite luggage, Culligan water treatment systems, and Botany 500 menswear.

But for months it has been notorious as the subject of an intense tussle between Mr Carl Icahn, the former corporate raider who until recently owned Trans World Airlines, and Mr Leon Black, once a senior banker with Drexel Burnham Lambert and now running his own investment business.

Finally, it seems, matters will come to a head in a Manhattan courtroom today.

Carl Icahn: in typical fashion, hustling to the end

E-II's affairs have been byzantine for years. In the late-1980s, the company comprised a clutch of businesses spun off from Beatrice Foods, and was based in Chicago. Rather cheekily, it built up a stake in American Brands and, in 1988, threatened the large Connecticut-based conglomerate with a proxy fight. In response, American Brands bid for, and acquired E-II for $1.1bn in cash and $1.5bn in assumed debt.

A few months later, the new owner decided to recoup its money. It sold the bulk of E-11 on to Mr Meshulam Ricklis' privately-owned Rapid-American company. Mr Ricklis, husband of film actress Pia Zadora and perhaps best-known to UK investors for his role in the Guinness scandal, was one of the stable of 1980s financiers who drew on Drexel's junk bond financing capabilities. He paid around $1.2bn for the E-II operations, and took over $1.5bn of subordinated debt.

Peace did not descend. In late-1990, E-II's disgruntled creditors ousted Mr Ricklis, alleging he had milked the company in an effort to prop up other personal interests.A legal action ensued, withMr Ricklis claiming that he was within his rights.

While all this was going on, E-II caught the eye of Mr Icahn, whose successful money-making image was becoming badly tarnished by the management debacle at TWA. In early-1992, and in line with his new enthusiasm for "workout" situations, the financier bought over 31 per cent of the junior subordinated debt for an estimated $77m.

Simultaneously, Mr Black – who, in the wake of Drexel's demise, set up his own investment firm Apollo Advisers – had come into a 27 per cent interest in the junior bonds. This was largely thanks to Apollo's acquisition (along with Crédit Lyonnais) of the large junk bond portfolio which once belonged to Executive Life, a Californian life company. In contrast to Mr Icahn, however, Mr Black also acquired a 24 per cent stake in senior debt securities.

Soon the two businessmen, who sometimes play each other at tennis, had started a game of financial ping-pong – which intensified once E-II filed for Chapter 11 bankruptcy protection last summer. Essentially, their contest was over what rights the different classes of debt-holders would have under E-II's reorganisation plan – in particular, to equity in the ongoing, "reorganised" company.

So far, Mr Black is winning. The bankruptcy court judge has allowed the company to retain the sole right to put forward a reorganisation plan and, under its current proposal, the former Drexel banker stands to gain control just over 50 per cent of E-II.

Apollo's potential stake comes from two sources. First, the reorganisation plan entitles junior debt holders to exchange their claims for a combination of new debt and equity. Secondly, holders of the senior debt, who are being offered a mixture of new debt and cash under the plan, also get the right to swap some of that new debt for equity. Critical to determining the amount of equity which they can get is the assumed price of E-II shares at which the swap would take place. Mr Icahn says it has been set too low.

In typical fashion, the latter has been hustling to the end. Ten days ago, he threw in a $1.18bn bid for E-11, claiming he would pay in cash.

On Friday, the company and creditors' committee politely declined the offer, adding that Mr Icahn was welcome to resubmit an offer after the reorganisation plan has gone through. But they also said they would modify the plan, although details will not be released today's bankruptcy court hearing.

So the final act in this long-running melodrama promises to be as lively as the rest of the production. The original purpose of today's hearing was to confirm the reorganisation plan, voting on which had already taken place before Mr Icahn's cash offer was ever made. Now the deal is being tweaked at the last minute – giving Mr Icahn more grounds for complaint.

Carl Icahn and Leon Black, who sometimes play each other at tennis, started a game of financial ping-pong – which intensified once E-II filed for Chapter 11 bankruptcy protection last summer.

Still, no one should weep too hard for either investor, whatever the outcome. Mr Icahn will probably double his money, even under the company's original plan. Mr Black, meanwhile, could do substantially better.

Italy in new move to cut costs of borrowing

By Haig Simonian in Milan

ITALY'S treasury has received the go-ahead to issue domestic debt in a variety of foreign currencies, providing an important new weapon in its battle to reduce borrowing costs and the budget deficit.

The deficit, expected to be about L155,000bn ($104.8bn) this year, represents almost 11 per cent of gross domestic product. Although a variety of new borrowing instruments have been introduced in the 1990s to extend maturities and reduce debt servicing costs, the huge accumulated debt continues to overshadow attempts to cut spending.

The treasury will also be allowed to accept government securities in lieu of cash from investors buying shares as part of the privatisation programme. The move should help smooth the way for the government's ambitious asset sales and help overcome contraints on the domestic stock market.

No details have been given of what type of bonds will be acceptable for swapping into equity.

See Capital Markets

Japan constructors hit by weak demand

By Robert Thomson in Tokyo

JAPAN'S leading construction companies forecast sharply lower profits this year, expecting that the fall in private orders would outweigh the new contracts arising from a planned expansion of public works spending.

Apart from weak orders, several companies were bruised by their own financial exposure to projects. Shimizu reported a 56.5 per cent fall in net profit after writing off losses of Y75.5bn ($638m) related to its involvement in developments in the UK and Australia.

The company said further write-offs would be necessary this year for US projects, and net profit was expected to be halved again to Y10bn. Shimizu was forced to sell short-term holdings of stocks, whose book value fell from Y46.7bn in March last year to Y6.2bn at the close of the year.

Sales last year at Shimizu were 1.8 per cent higher at Y2,168bn, although orders were down 19.9 per cent. Most Japanese contractors are suffering because of weak demand for new commercial buildings and a continuing fall in corporate capital spending.

At Kajima, pre-tax profit fell 29 per cent to Y87.9bn, which it blamed on a slowing of orders for office buildings and an increased interest burden. There is still an excess of office space in Tokyo and Osaka, where rents fell almost 20 per cent last year, making developers wary of launching projects.

A similar fall is expected this year at Taisei, which managed a 4.8 per cent increase in pre-tax profit last year to Y101bn on a 15.3 per cent increase in sales to Y1,980bn. Orders last year were down 20 per cent, and the company expects another 4 per cent decline this year.

However, Obayashi is expecting 6 per cent growth in pre-tax profit to Y52bn after a 7 per cent fall to Y49bn in the year just ended. Orders were 19 per cent lower and sales were 0.8 per cent higher at Y1,519bn.

Pioneer tumbles 50% and sees bleak outlook

By Robert Thomson

PIONEER Electronic, the Japanese audio and video equipment maker, suffered a 50 per cent fall in pre-tax profits to Y16.5bn ($149m) in the year to March and forecast another 60 per cent drop this year, which it blamed on weak domestic demand for consumer electronics.

Consolidated net profits were also down 62 per cent to Y10.8bn, partly due to a Y4.86bn provision for losses on investment in Carolco, the US film company, which is being restructured.

Parent sales for the year fell 8 per cent to Y382.8bn, with a 17.7 per cent drop in domestic sales and a slim 0.4 per cent increase in exports. Audio equipment sales were 24.4 per cent lower, while those of video products slipped 12.9 per cent.

Car electronics sales advanced 10.5 per cent, and the company hopes demand for car navigation systems will increase this year to counter a continuing fall in demand for karaoke singing systems and other audio equipment.

Pioneer recently caused controversy in Japan by suggesting that 35 managers take early retirement, prompting debate over whether the country's famed lifetime employment system was crumbling.

Hit by two years of declining consumer electronics sales in Japan, the company is still attempting to cut costs. It said capital spending and manufacturing expenses would be trimmed further this year in the face of "unpredictable world economy, uncertain currency rates, and intensifying competition".

But the outlook for the company remains bleak. For the current year, Pioneer is expecting sales of Y368bn, down 3.9 per cent, and a 71.8 per cent plunge in net profit to Y3bn.

Komatsu plunges 72% as sales decline to Y870bn

By Robert Thomson

KOMATSU, the Japanese construction equipment maker, reported a 72 per cent fall to Y3bn ($27m) in consolidated net profits for the year to March, as an increase in public works projects failed to counter a sharp fall in private construction and in orders for construction machinery.

While many Japanese companies have been trimming their product lines, Komatsu has expanded its range of construction machinery and said demand increased for some new products, but this was "eclipsed by decreased demand for mainstay products such as regular hydraulic excavators and bulldozers".

Sales for the year fell 5.4 per cent to Y869.9bn, with a 5.2 per cent decline in construction equipment, a 26.4 per cent slide in industrial machinery, an 8.8 per cent drop in electronics, and a 16 per cent rise in civil engineering contracts.

A recent government economic package to stimulate demand, which included a sharp increase in public works spending, is likely to increase further the demand for equipment for public projects, but private construction demand is still weakening.

This year, Komatsu expects the government's package to lead to a gradual increase in private business orders, and sees sales rising to Y910bn and net profit to recover to Y10bn.

INTERNATIONAL CAPITAL MARKETS

ASSET-BACKED SECURITIES/ECU BONDS

Economic recovery may prompt rise in activity

A FLURRY of asset-backed deals came to the international capital market last week. While this area of the market has been relatively quiet so far this year, asset-backed specialists expect activity to pick up gradually in the second half of 1993, especially as the economic recovery gets under way in the UK and mortgage business improves.

Last week saw the launch of a £116m deal for European Bank Investment Trust, which holds 20 per cent risk-weighted assets with Credit Suisse Financial Products providing the cash-flow from swaps.

Goldman Sachs, which arranged the deal, said investors had two lines of security - a guarantee from Financial Guaranty Insurance Company (FGIC), and a pool of assets. These consist of senior, fixed-rate sterling obligations such as bonds, letters of credit or loans from European banks with a credit rating of AA-/AA3 or above. The coupon, backed by swap payments from CSFP, is three-month Libor plus 20 basis points.

According to figures provided by Euromoney Database, there have been only 14 asset-backed deals so far this year, although in a couple of cases these represent different classes of issues for the same borrowing vehicle. In the UK, activity in the mortgage-backed sector has been subdued.

"The lack of activity reflects the lack of origination of new residential mortgages in the UK," points out Mr Patrick O'Sullivan, general manager for Europe for FGIC. "Currently there is no loan growth - when the economy is well into the upturn we would expect activity to pick up," he adds.

Other asset-backed specialists point to European countries such as Sweden, Finland and Spain as the likely source of asset-backed deals in the next few months. S-E Banken of Sweden has done several asset-backed deals - known as the Osprey series - which were collateralised by residential mortgages, and other banks in Sweden and Finland are expected to follow suit.

Using the asset-backed route has several attractions for many of these Nordic banks, given that Scandinavia has suffered a deep recession leading to an increase in state borrowing in the international capital markets as well as deteriorating credit ratings for both state and bank borrowers.

Naturally the issue of asset-backed deals provides the usual capital savings for the banks concerned. But in the case of Swedish and Finnish banks it also has the advantage of providing access to a completely different investor base (in other words, the insurance companies and US banks which are big players in the sector) at a time when both the Kingdom of Sweden and Republic of Finland are proving to be frequent borrowers in the international bond market.

DENMARK'S ratification of the Maastricht Treaty last week provided a welcome kiss of life for the Ecu bond market.

And with the Danish referendum out of the way, the Ecu Committee of the European Bond Commission - an industry organisation - was quick to announce clarifications over the role of the Ecu as the single European currency for the benefit of market participants.

Mr Bob Tyley, chairman of the Ecu Committee and an economist at Paribas Capital Markets Group, said the committee had received clarifications from the European Commission and the European Council on the role of the Ecu.

"We found that certain aspects of the Ecu were not very well understood," he said, but added that the clarifications provide market operators with a "concise and reliable reference for the development of the Ecu" which can be seen as an appendix to the Maastricht Treaty.

"With regard to the current basket Ecu prior to the commencement of European Monetary Union, its currency composition will be frozen once the treaty has been ratified," Mr Tyley said. The European Monetary Institute, which will be set up on January 1 1994, will facilitate the use of the Ecu and oversee its development.

The Ecu will lose its current basket nature and become a currency in its own right on the first day of monetary union, and rapid introduction of the Ecu as the single currency will ensue. On the first day of EMU, the exchange rates between participating national currencies and the Ecu will be fixed irrevocably, and the Ecu will rapidly replace those currencies.

EMU will start on January 1 1999 unless another date has been decided beforehand. Mr Jacques Delors, president of the EC, stressed in a letter to the Ecu Committee that this could take place well ahead of 1999.

"Sufficient conditions for this to be the case are that a majority of countries qualify for membership (on the basis of the convergence criteria) and that the European Monetary Institute has completed its work of preparation of Stage 3 (which it will start to do after its creation on January 1 1994 and must finish by December 31 1996 at the latest)."

Sara Webb

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
Best Denki(a)ϕ	160	May.1997	1.375	100	-	-	Daiwa Europe
Kingdom of Belgium	500	Jun.1998	5.375	99.42R	5.511	+21 (5⅝%-98)	JP Morgan Securities
Toyota Motor Finance(Neths)	250	Jun.1996	4.75	99.79R	4.827	+33 (4¼%-96)	CSFB
Chugai Pharmaceutical Co.(g)ϕ	220	Jun.1997	1.125	100	-	-	Nomura International
National Bank of Hungary	150	Jun.1998	8	99.5R	8.126	+275(5⅛%-98)	Bankers Trust Intl.
Credito Italiano, Hong Kong‡	100	Jun.2003	(h)	99.75R	-	-	Credito Italiano, Milan
Nissho Iwai Europe	75	Jun.1998	6	100R	6.000	-	IBJ International
Petrobras‡	300	Jun.1998	(q)	99.5R	-	-	Chase Investment Bank
Grace 1 International(r)	100	Mar.2000	8.18#	100	-	-	Daiwa Europe
Petroleos Mexicanos	150	Jun.1996	6.25	99.49R	6.442	+183 (4¼%-96)	Deutsche Bank London
IBM Brasil(u)	90	Dec.1995	8.5#	99.911R	8.540	-	Citibank Intl.
IBM Brasil(v)‡	30	Dec.1995	(v)	100R	-	-	Citibank Intl.
YEN							
Sanyo Electric Co.	20bn	Sep.1999	5.1	100.1R	-	-	Daiwa Europe
Sanyo Electric Co.‡	10bn	May.1998	(d)	101.85	-	-	Sumitomo Finance Intl.
D-MARKS							
Nichii Co.(b)ϕ	400	May.1997	2.75	100	-	-	Deutsche Bank
Republic of Venezuela(l)	100	May.1998	10.25	102	9.708	-	Commerzbank
FRENCH FRANCS							
CCF, Luxembourg‡	500	Jun.1998	(m)	99.9R	-	-	CCF
STERLING							
Allied-Lyons Fin.Services(n)§	200	Jul.2008	6.75#	100R	-	-	CSFB
CARS No.2(o)‡	100	Dec.1997	(o)	100R	-	-	Goldman Sachs Intl.
European Bank Inv.Tst.‡	116	Mar.2001	(s)	99.65R	-	-	Goldman Sachs Intl.
Alliance & Leicester B/S‡	150	Jun.1997	(t)	99.61R	-	-	Kleinwort Benson
CANADIAN DOLLARS							
Bayerische Hypobank	100	Jul.1998	7.375	98.6R	7.723	+40 (6½%-98)	Hambros Bank
GECC(p)	100	Nov.1993	7.25	98.975R	7.50	+30 (6½%-98)	Wood Gundy
ITALIAN LIRA							
GECC	150bn	Jun.2000	10.375	101.837	9.998	-	Deutsche Bank London
European Investment Bank(j)‡	100bn	Mar.1996	(i)	100.05	-	-	San Paolo, Turin

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
Helaba	500bn	Jun.2003	zero	37.64	10.264	-	IMI Bank Luxembourg
Rabobank	150bn	Jun.2000	10.375	101.80	10.005	-	SCA
ECUS							
Kingdom of Denmark	250	Jun.1996	6.75	100.056R	6.729	-	Morgan Stanley Intl.
PESETAS							
KfW Intl. Finance(j)	10bn	Jun.1998	10.35	101.4	9.98	-	Banco Central Hispano.
AUSTRIAN SCHILLINGS							
Petroleos Mexicanos	700	May.1998	8.375	100.5	8.249	-	Creditanstalt-Bankverein
ESCUDOS							
European Investment Bank	10bn	Jun.1998	12	101.7	11.534	-	BPI
SWISS FRANCS							
Nichii Co.(c)*ϕ	300	May.1997	1.125	100	-	-	UBS
Commerzbank(e)*ϕ	110	Jul.1998	2.5	100	-	-	Swiss Bank Corp.
Gastec Service(f)*§	50	Nov 1997	2#	100	-	-	Nomura Bank (Switz.)
Sagami Chain Co.(k)*ϕ	40	Jun.1997	1	100	-	-	Nomura Bank (Switz.)
LUXEMBOURG FRANCS							
Goldman Sachs Group	1bn	Jun.2000	7.75	101.875	7.397	-	BGL

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. §Convertible. ϕWith equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price. a) Denom.: $5000 + 1 warrant. Exercise price: Y1517. FX. 112.20Y/SFr. b) Denom.: DM5000 + 5 warrants. Exercise price Y1538. FX. 69.65Y/DM. c) Denom.: SFr50.000 + 50 warrants. Exercise price. Y1538. FX. 76.84Y/SFr. d) Coupon pays 3-month Libor + 0.25%. e) Denom.: SFr50.000 + 50 warrants. 10 warrants entitle holder to one share in each of Veba, RWE and Preussag at a strike price of DM1185. f) Conversion price: Y882. FX. 78.79Y SFr. Callable on 20/11/95 at 102% declining by 0.5% semi-annually. Acceleration clause effective from 20/5/94 subject to 150% rule. g) Final terms fixed on 25/5/93. h) Coupon pays 6-month Libor - 0.125%; minimum 6%, maximum 10%. i) Coupon pays 3-month Libor - 0.25%. Fungible with the outstanding L400bn. j) Matador bond. k) Final terms fixed on 24/5/93. Callable on 3/6/95 at 102% declining by 0.5% semi-annually. l) Fungible with the DM150m launched on 1/4/93. Plus 34 days accrued interest. m) Coupon pays 8.25% fixed annual in the first year and 18.75% - 2 x 6-month Pibor thereafter. n) Conversion price. £6.22. Callable at par from 21/7/98 or earlier if 85% of bonds are converted. o) Fungible with the outstanding £165m launched in Nov 1992. Average life years: 3.42 years. Coupon pays 3-month Libor + 0.45%. p) Issue launched on 29/4/93 was increased to C$250m. q) Coupon pays 6-month Libor + 4.4%. r) Extendable at bondholders option for a further 2 years. s) Coupon pays 3-month Libor + 0.2%. t) Coupon pays 3-month Libor + 0.1875%. u) Tranche A of $120m issue. v) Tranche B of $120m issue. Coupon pays 400bp + 6-month Libor. Note: Yields are calculated on ISMA basis.

RISK AND REWARD

Loss focuses attention on detecting unauthorised trades

THE $2m to $3m loss suffered by Sumitomo Finance International on its interest rate options book last autumn, after a desk manager concealed his real trading position from senior management, has highlighted once again the importance of tight management controls in the derivatives markets.

Details of the loss emerged on Friday, when the Securities and Futures Authority expelled and fined the manager.

Although failure to report true positions to management is not a risk peculiar to the derivatives market, it may be less likely to be detected, because the valuation of positions is so much more complex, and senior management, or in some cases the traders themselves, may not fully understand the instruments they are dealing with. In the case of over-the-counter options, as in this instance, the lack of liquidity and ready price information is a further element.

There is some evidence that management controls were tightened following a £150m loss incurred by Allied-Lyons, the UK food and drinks group, in 1991, when large options positions on the dollar went wrong. Particularly on the corporate treasury side, the Allied-Lyons debacle shifted the trend towards assigning a servicing, rather than a profit-generating function, to treasury departments.

Within banks and securities houses there has been a concerted effort by senior management, at board level, to get to grips with the technicalities of the business. The concerns over derivatives risk expressed by regulators such as New York Federal Reserve chairman Mr Gerald Corrigan, although widely criticised within the derivatives industry as alarmist, have served an important function in refocusing the attention of senior management on how their derivatives business is run.

One of the recommendations made by the Bank of England's internal report on derivatives published last week was that "a guiding principle might be that at least two members of the board should be sufficiently knowledgeable to be able to ensure that the business is controlled effectively". The Bank plans to adopt this recommendation as policy.

In the Sumitomo Finance case, it appears that tighter controls might have forestalled the problem.

The manager of the interest rate options desk had to record the value of his positions in management reports submitted to his chief executive, but he gave falsely inflated values in order to hide his true position. He then persuaded an employee with another firm, which he knew was used by Sumitomo's accounts department to check those valuations, to quote inflated prices that corresponded with those in his own internal management reports.

"In my experience there are a lot of banks where a trader believed to be of exceptional quality reports direct to the top," said Mr Derek Ross, a Touche Ross partner who advises banks and securities firms in this area. "It's easy to develop a culture which allows the trading room to develop without controls."

There are several important principles to be followed, according to Mr Ross: the segregation of duties between the dealing function and the exchange of confirmations (which is part of the pre-settlement function); payment instructions must also be independent; and the management reporting function (usually provided by the accounts department) should be responsible for performance measurement.

"When you get into a complex capital markets environment, the back office staff usually have to rely on front office computer systems for valuation," points out Mr Ross. It is therefore important to ensure that the input to the valuation model is not provided by the trader.

While a collusive fraud may still be hard to detect, controls involving a range of different functions in the trading, settlement and reporting process at least reduces the opportunities for trading positions to be hidden.

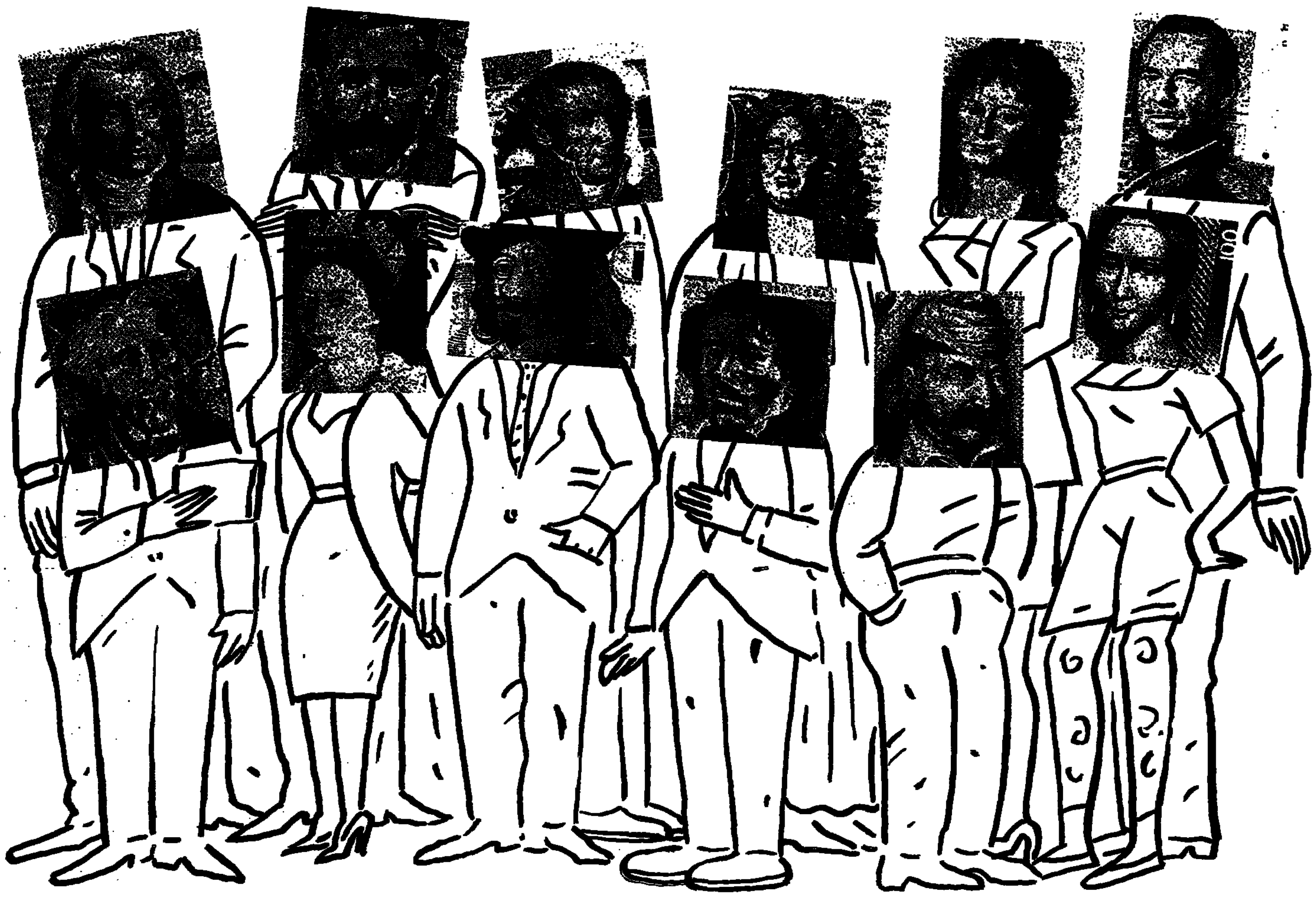
"You can't stop somebody doing an unauthorised trade," admits Mr Ross. "But you can make sure it can be closed out the following day."

Tracy Corrigan

CONTRACTS & TENDERS

هكذا من الأصل

Can you spot the typical European?



The concept of a "typical European" – an abstract man-in-the-street sometimes used as a basis for corporate strategic planning – is rooted in a misunderstanding.

Even within the Common Market, Europeans, aren't all alike.

Indeed, the closer you look at the New Europe, the more clearly its complexities stand out.

This is due not only to obvious historic, linguistic, cultural and economic causes. It also reflects a tendency towards greater structural differentiation.

This trend will no doubt intensify in view of the desire by six EFTA countries to join the EC and given recent moves towards closer cooperation within the framework of a European Economic Area (EEA).

And ultimately, the success of economic reform in Central and Eastern Europe will also have a substantial impact.

Among other things, the more liberal environment in the future could lead to a merger of national economic centers into larger, regional markets, without regard to internal political boundaries.

Markets for goods and services will change, and there will be an increase in the international division of labor. And of course, competiton will heat up.

Dynamic companies wishing to consolidate or expand their positions in the New Europe will be dealing not only with one of the most interesting of the world's regions, but also with one of its most complex marketplaces.

That is why Dresdner Bank gives such high priority to helping customers succeed in the Europe of the future. True to this ongoing commitment is our specialized international banking subsidiary in Luxembourg – Europa Bank – who can help you obtain subsidies under regional, national or EC support programs.

In the final analysis, the expertise and commitment of our employees are the keys to ensuring that our customers derive maximum benefit from Dresdner Bank's worldwide network, vast experience and ability to respond quickly and flexibly to rapidly changing situations.

New for 1993 – a borderless, yet highly complex marketplace.

Although we do not underestimate the challenges posed by the New Europe, we face the future with optimism and confidence.

After all, we're based in the center of Europe. And that gives us a home team advantage.

Dresdner Bank

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Inflation clues remain thin on the ground

BRITAIN'S lowest retail price inflation figures for 29 years failed to excite the gilt market on Friday, when investors sold securities amid uncertainty over gilts price levels ahead of this week's big auction.

Such a decidedly sniffy approach to a set of figures, hailed by the Treasury as "astonishing", was partly because they failed to cause any real surprises. Also, they provided no firm clues as to the direction of underlying inflation.

Over the week, yields for long-dated gilts dropped slightly to just under 8.5 per cent for bonds around a 25-year maturity. At the short end, yields were little changed on speculation that the government was unlikely to hurry over any further cut in base rates, held at 6 per cent since January.

The retail prices index (RPI) last month rose by 1.3 per cent compared with April last year, after a year-on-year rise of 1.9 per cent in March. The figure was last bettered in February 1964.

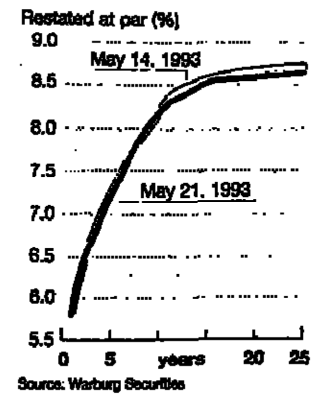
Excluding mortgage interest payments, the RPI rose 2.9 per cent between April 1992 and last month, after increasing 3.5 per cent in the 12 months to March. This increases the likelihood that this measure will stay below the 4 per cent upper limit set by the Treasury.

However, fractionally worse news on inflation comes from a study of the various underlying measures produced by government and City statisticians.

The RPI – less both mortgage payments and local-tax payments – showed a small rise between March and April from 3.2 per cent to 3.3 per cent. The year-on-year rise in this measure stood at 3.3 per cent in December last year and

UK gilts yield

Restated at par (%)



Source: Warburg Securities

reached a low of 2.9 per cent in January.

A series calculated by Greenwell Montagu – which as well as excluding mortgage payments removes movements in utility prices, seasonal foods and other variables thought to distort the underlying pattern – puts inflation at 2.9 per cent last month, the same as in March. In January it was 2.5 per cent and in February 2.7 per cent.

These figures all indicate that in recent months inflationary pressures have ticked up somewhat, an impression underlined in last week's Bank of England inflation report which predicted that the RPI less mortgage payments would rise to about 3.5 per cent in June from the 2.9 per cent figure in April.

Even though virtually every measure of inflation shows a fall since August – when the Greenwell measure puts the figure at a high 3.9 per cent – some in the gilt market are worried that the pressures will build up, assuming Britain is on track for a recovery of some sorts later this year.

This worry is shared by Mr Nigel Richardson, economist at the London office of Yamaichi, the Japanese securities house, who says: "People should be on guard against any mood of complacency that may be creeping in over the inflation outlook."

Last week's labour markets data provided, however, a few encouraging signs about future inflation. Average earnings grew an underlying 4 per cent in the year to March, the slowest rate of increase for 25 years and 0.5 of a percentage point lower than in February.

Even though the March figure was affected by advance payments of bonuses and salaries in March last year ahead of the general election, the numbers indicate the generally depressed state of wage pressures. With many employees settling for wage increases of around 3 per cent or less, there is a fair chance that these pressures will stay muted for some time.

On the other hand, there is a clear danger of the 4 per cent limit being breached next year, as the Bank's inflation report points out.

Such sentiments did little to help the enthusiasm of gilt investors during last week's relatively quiet trading, especially as they looked forward to Wednesday's £3bn auction of 7¾ per cent stock due 2006 which underlines the large amount of stock due to be sold by the Bank this financial year.

Peter Marsh

US MONEY AND CREDIT

Investors seek guidance over interest rate worries

INFLATION worries ebb and flow in the US bond markets at the moment, as traders try to decide whether the Federal Reserve will take any action on the interest rate front and the economic data provides disturbing, but not conclusive, guidance.

Such volatility was particularly noticeable last week. On Monday, as investors chewed over the previous week's inflation news, the benchmark long bond sank by almost half a point; on Tuesday, as the Fed's policy-making Open Market Committee held its monthly meeting, it plunged more dramatically. The yield rose above 7 per cent for the first time in over a month, to end at 7.01 per cent.

But a day later, a growing conviction that the Fed would not move on interest rates, sent prices higher and the yield back below the 7 per cent mark. Finally, in the last two sessions of the week, bond prices recommenced their slide, leaving the yield on the 30-year long bond at 7.04 per cent by Friday night – the highest figure seen for about seven weeks.

In all of this, there was precious little hard news for the market to digest. The most meaningful information arrived late on Thursday afternoon, when the Fed's weekly money supply numbers proved to be way above expectations.

The M2 money supply measure, for example, surged by over $20bn in the week ended May 10, following a $13.2bn advance in the previous week.

That said, analysts were quick to note that M2's growth – including this late uptick – relative to the fourth quarter of 1992, is still below the lower end of the Fed's target range.

Still, the inflation worries may have gained an extra boost from the continued rise in the gold price; the metal is, after all, the traditional hedge against inflation.

Moreover, on Friday, when minutes of the Fed's Open Market Committee meeting on March 23 were released, it was revealed that two Fed governors were pushing for higher interest rates at this stage. The majority of the group, however, voted against a change.

Conversely, there was some more evidence of continued weakness in the economy itself which, to a certain extent, mitigates against the inflation fears. The latest University of Michigan index of consumer expectations showed a sharp drop in May, reaching its lowest level since last October.

The initial unemployment claims numbers for the week ended May 15 also suggested that any improvement in the labour market is marginal, at best; claims increased by 7,000 to 344,000, reversing the fairly modest declines seen over the previous three weeks.

So will events in the coming week shed any more light? Again, the flow of economic statistics will be fairly modest. The Conference Board's survey of consumer confidence is due to be released on Tuesday, and – like other surveys – is expected to show that consumers' morale dwindled during May. On Friday, some analysts are looking for a downward revision to the first quarter output growth numbers, from 1.8 per cent to perhaps 1 per cent.

But few think that these indications of a stalling economy will avert the inflation concerns. The most that seems possible is that the interest rate policy remains steady.

On expectations of a 2.5 to 3 per cent economic growth rate and inflation in the 3 to 3.5 per cent range, "the Fed would leave policy alone, as it would perceive the economic recovery to be self-sustaining," predict analysts at Donaldson, Lufkin & Jenrette, for example. "At the same time, the Fed would view the inflation numbers as not warranting a firming of monetary policy."

Nikki Tait

ITALIAN GOVERNMENT BONDS

Signs of stability foster reassurance

THROUGHOUT Italy's recent political upheavals, the bond market has been a hostage to fortune, with prices unable to uncouple themselves from the political uncertainties linked to the corruption scandal and the formation of a new government.

Last week, matters started to change. Signs of greater political stability, both domestically and in the European Community, reassured investors. Together, the relaxation of political tensions combined with unexpected news on accelerated repayment of withholding tax to refocus attention on economic fundamentals, giving the market one of its best weeks for a long time.

News that the government plans to repay withholding tax to eligible foreign investors within 30 working days was the biggest surprise. Repayment delays have shortened, but the system remains cumbersome and highly unpredictable.

The move to accelerate repayments, to be introduced later this year, was warmly welcomed, although investors will wait for results before giving unreserved support.

Denmark's decision to back the Maastricht Treaty on European union in its second referendum also proved a tonic. Doubts about the future of closer economic and monetary links within the EC had been a big factor depressing bonds after the first Danish referendum last year, as the market widely sees Italy to be a leading beneficiary of the "external discipline" EMU entails.

Domestically, investors have taken heart from the greater stability of Mr Carlo Azeglio Ciampi's new government after its rocky start. Although the basis of Mr Ciampi's political support remains somewhat nebulous, market sentiment has been greatly boosted by dealers' confidence that the government includes competent ministers who will meet its commitment to tackle the budget deficit.

Credibility is paramount. Mr Ciampi's expertise and deficit-cutting zeal are not doubted. Dealers are confident the prime minister – who spent much of his time as central bank governor criticising politicians' inaction – means what he says and is much less constrained by party political ties than his predecessors.

The market has already taken heart from the government's plan to bring forward the 1994 budget process to July and readiness to meet 1993 budgetary targets set when seeking a special EC Ecu loan. The only change has been to adjust the targets slightly to accommodate lower-than-expected economic growth.

Thus Friday's L12,400bn mini-budget to bring this year's finances in line with forecast was welcomed. Dealers believe ministers are not only setting feasible targets – never a certainty in the past – but also showing a willingness to stick to them.

The mini-budget will be followed by a further package of tough measures for 1994. Figures are still imprecise, but Mr Riccardo Barbieri, of J.P. Morgan, expects the adjusted 1993 deficit target to be about L155,000bn and that for 1994 to be between L140,000bn and L145,000bn.

The promise of action on the deficit has been accompanied by better-than-expected inflation figures. In spite of the lira's sharp devaluation, there has as yet been little sign of the "J-curve" effect usually caused by higher import prices pushing up inflation. Although March industrial prices rose sharply, preliminary retail price figures showed May inflation fell to 4 per cent, against 4.2 per cent in April.

Advance knowledge of the May figure – the lowest since 1969 – may help to explain the Bank of Italy's 0.5 percentage point discount rate cut to 10.5 per cent late on Thursday. The reduction, expected to accompany the 1993 mini-budget, came earlier than forecast but was no less welcome for it.

The market was happy to digest the stream of news. Yields on 10-year government bonds fell to close at 12.23 per cent on Friday from 12.43 per cent last Monday morning. Rates on three-month Eurolira deposits declined to about 10.43 per cent on the bid side from 10.62 per cent over the same period, while the lira strengthened to around L907.50 against the D-Mark from L915 last Monday.

After weeks of grim news, it is the sort of thing dealers like to hear.

Haig Simonian

FT/ISMA INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ABB Intl Fin 6½ 96	200	103½	-⅛	4.97
Abbey Natl Treasury 6½ 03	1000	97⅝	-¼	6.84
ABN 9½ 94	200	105⅝	-⅛	4.17
Aetna Life Cas 7¼ 16	200	100½		7.70
AlbertaProvince 8⅝ 96	750	110½	-⅛	5.26
AlbertaProvince 9⅞ 95	600	110¼	-⅛	4.78
American Express 0 00	450	60	-⅛	6.99
American General 9¼ 95	100	109½	-⅛	4.89
American Intl 0 04	750	46¼	-⅛	7.13
Amoco Canada 7¼ 02	250	104	-⅜	6.65
Asfinag 7½ 02	200	105⅝	-⅜	6.57
[illegible]				
Ostr Kontrollbank 9 95	200	109⅜	-⅜	4.55
Petro-Canada 7¼ 96	200	105½	-⅜	5.21
Petrobras 10 98	200	96⅝	-⅜	11.55
Philip Morris 9⅜ 98	200	104¼	-¼	8.59
Procter Gamble 9½ 98	200	114⅛	-⅛	5.97
Prudential Fin 8¼ 01	300	107⅝	-⅜	6.97
Prudential Rlty Secs 0 98	365	71	-½	6.25
Quebec Hydro 9 01	300	112⅜	-⅝	6.89
Quebec Hydro 9¾ 98	150	114⅞	-⅝	6.37
Quebec Prov 9 98	200	111¼	-⅝	6.25
Queensland Govt 10¼ 95	700	111	-¼	4.91
Ralston Purina 11¼ 95	150	111½	-¼	5.36
Reed Publishing 9⅝ 97	150	113¼		5.91
Sainsbury 9⅛ 95	150	110⅜	-¼	5.63
Sandoz o/s Fin 6¾ 00	300	101¼	-½	6.14
SAS 10 99	200	111⅝	-⅜	7.43
SAS 10⅛ 95	150	109½	-⅛	5.92
SBAB 9½ 95	500	109⅝	-¼	4.67
SBC Finance 7¾ 96	200	107⅝	-¼	5.17
Sears Euro Trust 8¾ 95	750	108¾	-¼	5.40
Sears o/s Fin Zero 0 98	500	70⅝	+⅛	7.00
Sears Roebuck Euro 9¾ 95	500	108½	-⅛	4.94
Scandinavian Ensk 7⅜ 97	500	103⅞	-½	6.26
SNCF 9½ 98	150	115⅛	-⅛	5.79
Spain 6½ 99	1500	102¼	-⅛	6.05
State Bk NSW 8½ 96	200	108⅝	-⅛	5.41
Sweden 5½ 95	2000	101¾	-¼	4.74
Sweden 6½ 03	2000	98⅞	-½	6.69
Sweden 9¾ 98	350	114⅛	-⅛	5.76
Swedish Export 8⅞ 96	700	108⅝	-⅛	5.08
Thyssen Finance 7½ 98	200	103⅞	-⅛	6.71
Tohoku Elec Power 7¾ 97	250	107⅞	-⅛	5.60
[illegible]				

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
Asian Dev Bank 6 10	100	105¼	-⅛	5.52
Council Europe 4¼ 98	250	100½		4.63
EIB 6¼ 04	300	110¼	-⅛	5.51
Elec de France 7¼ 06	100	112¾	+⅛	5.79
Finland 7¼ 99	300	110¼	+¼	5.31
General Motors 7½ 95	100	103		5.75
Hyundai Motor Fin 8½ 97	100	106	-½	6.83
Iceland 7⅞ 00	100	111¼		5.67
Kobe 6⅜ 01	240	109⅛	-⅛	4.97
New Zealand 4⅞ 99	200	99¾	+⅛	4.92
Ontario 6¼ 03	400	108⅝	-⅛	5.36
[illegible]				

DEUTSCHE MARK STRAIGHTS	Issued	Bid price	Chg on week	Yield
Austria 5⅞ 97	500	97⅞	-½	6.67
Belgium 7¼ 02	500	104	-⅜	7.11
Credit Foncier 7¼ 03	2000	101⅛	-⅜	7.09
Deutsche Finance 7½ 95	1000	101½	-⅛	6.49
ECSC 8⅜ 96	700	106	-⅛	6.66
EEC 8½ 00	2900	99⅛	-⅝	6.66
EIB 7½ 99	400	104	-⅝	6.72
Finland 7½ 00	3000	101¼	-⅝	7.15
Ireland 7¾ 02	500	103⅝	-⅛	7.20
Italy 7¼ 98	5000	100¾	-⅝	7.04
KfW Intl Finance 7¼ 97	1500	102¾	-⅝	6.52
Spain 7¼ 03	4000	100⅝	-⅝	7.15
Sweden 8 97	2500	104¼	-½	6.84
Tokyo Elec Power 7⅝ 02	1000	103⅜	-⅝	7.11
United Kingdom 7⅛ 97	5500	102⅛	-¼	6.54
Volkswagen Com 8⅜ 97	400	105½		7.06
World Bank 0 15	2000	22½	-¼	6.83
World Bank 5¾ 98	300	99¼	-⅜	5.84
World Bank 8¾ 00	1250	111⅜	-¼	6.64

	Issued	Bid price	Chg on week	Yield
CEPME 10 95	2000	106¼	+⅛	8.70
Elec de France 8¾ 22	3000	107⅝	+⅛	8.06
SNCF 9¼ 97	4000	107⅝		6.94

EQUITY WARRANTS	Expiry Date	Bid price	Chg on week	Prem
Asahi Glass	25/06/98	19⅜	-1⅛	4.85
Canon	24/06/95	12⅛	-⅜	5.65
Dowa Mining	18/03/97	24⅝	+⅜	-13.44
Hankyu Dept Stores	14/03/96	8⅛	+1¾	28.71
Hino Motors	08/07/94	1⅞	-½	47.33
Kobe Steel	12/06/96	3⅝	-⅝	60.37
Mitsui Toatsu Chem	30/01/98	4¼	-¼	
Morinaga	13/06/95	12⅞	+⅛	3.71
Nichirei Corp	11/06/98	21	+⅛	8.75
Nippon Comsys	31/01/95	23⅝	+3	-8.95
Nisshin Steel	18/04/96	3⅝	+⅛	76.10
Okura	30/01/98	9½	-⅜	17.58
Royal Hotel	14/03/95	2	-⅛	87.88
SMC	25/07/95	5		58.58
Takashimaya	02/07/98	8⅜	-⅛	27.30
Toyo Sash	05/08/97	8⅞	-⅝	70.92

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn=current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

Closing prices on May 21

Focus t

حكرامن الأحيل

THE WEEK AHEAD

ECONOMICS

Focus turns to UK trade concerns

THE main British economic indicators this week are the April non-European Community trade figures, detailed first quarter GDP figures, and the Confederation of British Industry monthly trends inquiry for May.

Although the UK's trade deficit with non-EC countries in March was considerably smaller than in February, economists are gloomy about the general state of UK trade. The non-EC figures have painted a bleak picture since the beginning of the year when they became the only trade statistics to be published.

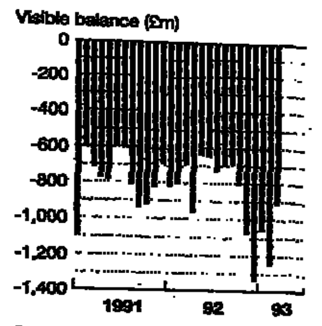
Central Statistical Office statisticians have cautioned against reading too much into the figures – they represent less than half of the UK's total trade – but economists are bracing themselves for bad news when the complete figures, including EC trade, are published next month.

This week also brings a string of US economic indicators. April existing home sales published tomorrow are expected to show a bounce back from the generally bad winter figures. Since December existing home sales have dropped a sharp 16.8 per cent, after winter storms hit the nation. Durable goods orders should also have advanced in April following a drop in March.

The other economic highlights and statistics of the week are listed below. Figures in brackets are the median of analysts forecasts and are provided by MMS International, a financial information company.

Today: UK, April trade with non-EC *countries (£1bn deficit)*. Spain, television election debate between President Gonzalez and Mr Jose Maria Aznar. Japan, May WPI, first ten days.

UK-non EC trade



Source: Datastream

Tomorrow: UK, Q1 GDP figures (up 0.2 per cent on quarter, up 0.6 per cent on year). US, April existing home sales; May consumer confidence (62.2); Johnson Redbook week ended May 22; May 11-20 auto sales (6.5m units), truck sales. Canada, March wholesale trade. Japan, March worker income.

Wednesday: France, final figures for April CPI. Denmark, April CPI (up 0.3 per cent on month, up 1.3 per cent on year). US, April durable goods orders (up 1.5 per cent), April durable goods shipments. Australia, April motor vehicle registrations (up 0.1 per cent on year), Q1 private capital expenditure (down 6.9 oer cent on year).

Thursday: US, initial claims week ended May 22 (343,000); state benefits week ended May 15; money supply data for week ended May 17. Canada, April industrial production prices index, raw materials prices index. Australia, Q1 stocks, company profits. Japan, April retail sales (down 6 per cent on year).

Friday: UK, May Confederation of British Industry monthly industrial trends survey. France, April unemployment rate (10.8 per cent). Germany, second reading of the fiscal package agreed at solidarity pact talks in the Bundesrat. US, Q1 preliminary GDP figures (up 1.5 per cent), *preliminary GDP deflator (up 3.3* per cent), Q1 after tax corporation profit (up 4.5 per cent); May Chicago NAPM, Michigan sentiment; April export price index, import price index, bank credit. Canada, March retail sales (up 1 per cent), manufacturing new orders (down 3.1 per cent), manufacturing shipments (up 0.5 per cent), employment earnings (up 2.5 per cent). Japan, May CPI for Tokyo (up 1 per cent on year), excluding perishables (up 1.3 per cent on year), National CPI (up 0.9 per cent on year), excluding perishables (up 1.5 per cent on year); April unemployment rate.

During the week: Germany, April PPI for west Germany (up 0.2 per cent on month, up 0.2 per cent on year); preliminary May cost of living (up 0.3 per cent on month, up 4.3 per cent on year), regional cost of living indices; April import prices for west Germany (flat on month, down 2.7 per cent on year). Italy, April bank lending (up 5 per cent on year), M2 (up 7 per cent on year), non-EC trade balance (L0.05trillion), balance of payments (L2.2trillion), foreign reserves (L74trillion). Belgium, May CPI (up 2.8 per cent on year). Fin*land, April trade balance* (FM1.3bn), current account. Singapore, Q1 GDP.

Emma Tucker

PARLIAMENTARY DIARY

■ TODAY
Commons: Transport, Attorney General's and Overseas Development questions. Railways Bill, report.
Lords: Pension Schemes Bill, second reading. Trade Union Reform and Employment Rights Bill, remaining stages. Disabled Persons (Services) Bill, third reading.
Select committee: 4.30pm, Public accounts – subject: matters on the 1991-92 trading account. Witness: *Mr Brian Willott, chief executive, export credits guarantee department* (Room 16)

■ TOMORROW
Commons: Employment questions. Questions to the Prime Minister. Railways Bill, remaining stages. British Wool (Guaranteed Prices) (Revocation) Order.
Lords: Housing and Urban Development Bill, third reading. *Non-Domestic Rating Bill*, all stages. Licensing (Scotland) Bill, committee. Unfair Dismissal (Increase of Compensation Limit) Order. Debate on London Tourist Board redundancies.
Select committees: 10.30am, Social security – subject: Operation of pension funds. Witnesses: Price Waterhouse. (room 16).
10.30am, National heritage – subject: The future of the BBC. Witnesses: Booz Allen & Hamilton, and Professor Sir Alan Peacock (Room 15)
11am, Treasury and civil-service sub-committee – subject: Role of the civil service. Witnesses: *Lord Howe of Aberavon and Lord Callaghan of Cardiff* (Room 8).

■ WEDNESDAY
Commons: Environment questions. Welsh Language Bill, second reading. Lords: Debates on police structure and management and treatment of juvenile offenders. New Towns (Amendment) Bill, second reading.
Select committees: 9.15am, Environment – subject: energy efficiency in buildings. Witnesses. Friends of the Earth, Greenpeace (Room 21).
10.30am, Trade and Industry – subject: Competitiveness of UK manufacturing industry. Witnesses: Professor John Kay, Professor Colin Mayer, Ms Margaret Sharp, Dr. Kirsty Hughes (Room 15)
4.15pm, Health – subject: community supervision orders. Witnesses: Mind, Survivors Speak Out (Room 8).
4.15pm, Public accounts – subject: regulation of telecommunications. Witness: Mr Don Cruickshank, director general, Oftel (Room 15).
4.30pm, Treasury and civil service – subject: Role of the Bank of England. Witness: Sir Kit McMahon (Room 21).
5pm, Employment – subject: import and export of jobs. Witness: Sir Max Williams, chairman (acting) 3i group) (Room 8).

■ THURSDAY
Commons: Short backbench debates.
Lords: Reinsurance (Acts of Terrorism) Bill, all stages. National Lottery Bill, second reading. Osteopaths Bill, second reading. Debate on UN humanitarian operations.

Both the Commons and Lords rise for their late spring break on Thursday, returning on Monday June 7.

RESULTS DUE

THE music industry is in the news with the announcement that the Monopolies and Mergers Commission is to investigate the price of compact discs. Tomorrow, Thorn EMI, one of the biggest largest music companies in the world, is due to announce its full-year results and any comments on CD prices by Sir Colin Southgate, the chairman, will be regarded with interest.

Under the old accounting system, pre-tax profits of £330m are expected compared with £255.1m in the previous year.

This does not take account, however, of exceptional items relating to Thames Television, which the group recently sold to Pearson. With results reported under FRS3, this and exceptional items related to smaller disposals will be included.

Supermarket stocks have been in the doldrums recently as investors have focused on recovery plays and Argyll Group, the UK's third largest food retailing group, is no exception. The stock has been trading around its lows for the year. Nevertheless Argyll, which runs the Safeway and Presto/Lo-Cost chains, is expected to report up to a 15 per cent increase in full (53-week) year pre-tax profits to between £415m and £420m when it announces its results tomorrow.

Courtaulds is expected to report on Wednesday pre-tax profits for the year to March of about £190m, down slightly from £201m a year earlier.

Carlton Communications is forecast to report today a modest increase in interim pre-tax profits to about £53m from £49m. The improvement will be in spite of an operating loss of about £5m by Carlton Television, the new London weekday ITV franchise.

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
Forte, Grosvenor House Hotel, Park Lane, W., 11.00
Monument Oil & Gas, The Institute of Actuaries, Staple Inn Hall, Staple Inn, High Holborn, WC., 11.00
Porth Group, Cae Mawr Industrial Estate, Treorchy, Mid-Glamorgan, 2.00
BOARD MEETINGS:
Finals:
Hi-Tec Sports
Jarvis Porter
South Staffs. Water
Interims:
Carlton Comms.
Cosalt
National Home Loans
Radio Clyde
■ TOMORROW
COMPANY MEETINGS:
APV, Grocers' Hall, Princes Street, EC., 12.15
Atlas Converting Equipment, 4 Broadgate, EC., 12.30
Bletchley Motor Group, Milton Keynes Conference Centre, Timbold Drive, Milton Keynes, 12.00
Estates & General, Richmond Suite, Washington Hotel, Curzon Street, W., 10.30
Lasmo, Cinema 1, Barbican Centre, Silk Street, EC., 11.30
Macfarlane Group (Clansman), The Merchants House, 7 West George Street, Glasgow, 12.00
Meggitt, Savoy Hotel, Strand, WC., 12.00
Murray European Inv. Trust, 30 Coleman Street, EC., 12.00
Ocean Group, Savoy Hotel (Lancaster Room), Strand, WC., 12.00
QS Hldgs., Grand Hotel, Kings Road, Brighton, 12.00
Telemetrix, Chartered Accountants' Hall, Moorgate Place, EC., 11.00
Thompson Clive Invs., Sutherland Room, The Stafford Hotel, St James' Place, SW., 12.00
TT Group, Tallow Chandlers Hall, 4 Dow Gate Hill, EC., 12.00
Williams Hldgs., Birmingham International Convention Centre, Birmingham, 12.00
World of Leather, North Circular Road, NW., 12.00
BOARD MEETINGS:
Finals:
Argyll
Betterware
Fleming Euro Fledgling Inv
Prime People
Readicut
Shires Inv.
Thorn EMI
Interims:
Fairline Boats
Metro Radio
Tunstall
■ WEDNESDAY MAY 26
COMPANY MEETINGS:
Baird (William), Caledonian Hotel, Princes Street, Edinburgh, 12.00
Boosey & Hawkes, Regents Park Marriott, 128 King Henrys Road, NW., 12.00
Clinton Cards, Crystal Building, Langston road, Loughton, Essex, 10.30
Country Casuals, Metropole Hotel, Edgware Road, W., 12.00
Eadie Hldgs., 60 Fountain Street, Manchester, 11.15
Guinness, Nine Kings Suite, Royal Lancaster Hotel, Lancaster Terrace, W., 3.00
Matlock Johnson, Albany House, 180 Albany Street, NW., 11.30
Metalrax, Plough & Harrow Hotel, Hagley Road, Edgbaston, Birmingham, 11.45
Prudential Corp., Plaisterers' Hall, 1 London Wall, EC., 11.30
Rolls-Royce, Queen Elizabeth II Conference Centre, SW., 11.30
Tibbett & Britten Group, The Brewery, Chiswell Street, EC., 10.00
Walker Greenbank, Howard Hotel, Temple Place, Strand, WC., 2.30
BOARD MEETINGS:
Finals:
Caskat
Courtaulds
Mercury Asset Mngomt.
Monks Inv. Tst.
North West Water
Plysu
Rolfe & Nolan
Wamford Invs.
Interims:
Capital Radio
Countryside Props.
Perpetual
Wheeaoe
■ THURSDAY MAY 27
COMPANY MEETINGS:
African Lakes Corp., 24 Gilbert Street, W., 11.30
Aspen Communications, 135 Bishopsgate, EC., 10.30
Barlows, Chester Grosvenor Hotel, Chester, 12.00
Blue Circle Inds., Inn on the Park, Hamilton Place, Park Lane, W., 12.00
Bostrom, Stone Circle Road, Round Spinney, Northampton, 12.00
Benzl, Tower Thistle Hotel, St. Katherine's Way, E., 10.30
Clarkson (Horace), 12 Camomile Street, EC., 12.00
Dagenham Motors Group, Ford House, New Road, Dagenham, Essex, 12.00
Follies Group, Pedmore House Hotel, Ham Lane, Pedmore, Stourbridge, W.Midlands, 10.00
Foreign & Colonial Pacific Inv. Trust, Exchange House, Primrose Street, EC., 12.00
Freemse, London Road, Stapleford, Cambridge, 12.00
Inchcape, Inn on the Park, Hamilton Place, Park Lane, W., 12.00
Laser-Scan Hldgs., Unit 101, The Cambridge Science Park, Milton Road, Cambridge, 10.00
Magnolia Group, Magnolia House, Rutherford Drive, Park Farm South, Wellingborough, Northamptonshire, 12.00
Morrison (Wm.) Supermarkets, Bankfield Hotel, Bingley, W.Yorks., 11.30
Newarthill, 40 Bernard Street, WC., 4.30
Portmeirion Potteries, London Road, Stoke-on-trent, 2.30
Quicks Group, Centre House, Ashburton Road East, Trafford Park, Manchester, 11.30
Rotork, Rotork House, Brassmill Lane, Bath, 12.00
Sentry Farming Group, Minterne House, Minterne Estate, Dorchester, Dorset, 11.00
Suter, Howard Hotel, Temple Place, Strand, WC., 12.00
Venturi Inv. Trust, Burne House, 88 High Holborn, WC., 3.30
BOARD MEETINGS:
Finals:
Babcock Intl.
City of London PR
Gartmore Value Invs.
Jackson Grp.
Macdonald Martin Dists
National Power
Quadrant
South West Water
Southnews
Interims:
Apollo Metals
Devenport Vernon
Dobson Park Inds.
Greyfriars Inv.
Mid Kent Hldgs.
Morland
Smart (J)
■ FRIDAY MAY 28
COMPANY MEETINGS:
Boot (Henry), Baldwin's Omega, Brincliffe Hill, Sheffield, 12.00
Breedon, Breedon-on-the-hill, Leicester, 10.00
HSBC Hldgs., Barbican Centre, EC., 11.00
Ipeco Hldgs., Dehavilland Suite, Airport Moat House Hotel, Aviation Way, Southend-on-Sea, Essex, 10.00
Johnson Group, The Hyde Park Hotel, Knightsbridge, SW., 12.00
RMC Group, Inn on the Park, Hamilton Place, Park Lane, W., 11.30
Relyon Group, Wellington, Somerset, 12.00
Serif, Bolstead Brook Hotel, Bolstead Road, Ipswich, Suffolk, 10.30
Taylor Woodrow, Grand Hall, International House, World trade Centre, 1 St. Katherine's Way, E., 11.30
Tesco, Merchant Taylor's Hall, 30 Threadneedle Street, EC., 11.00
Tordey & Carlisle, Marriott Hotel, Metrocentre, Gateshead, 10.30
Watts Blake Bearne, The Manor House Hotel, Moreton Hampstead, 11.45
Wilson (Connolly), Northampton Moat House, Silver Street, Northampton, 12.00
BOARD MEETINGS.
Finals:
Castings
Cheam
East Surrey Hldgs.
Europa Minerals
Kelsey Inds.
TR Property Inv. Tst.
Interims:
Scottish Inv. Tst.
Company meetings are annual general meetings unless otherwise stated.
Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

DIVIDEND & INTEREST PAYMENTS

■ TODAY
Allied Irish Banks Undated Var. Rate Nts. $110.94
BP Amer 9¾% Gtd Nts 1994 £95
Bradford & Bingley Bldg. Soc. Sub. Fltg. Rate Nts. 2005 £172.03
Brit.-Borneo Petrlm. 4.433p
Citicorp Fltg. Rate Sub. Cap. Nts. 1998 $848.86
Ericsson B SKr3.50
Export-Import Bank of Japan 8% Gtd. Bds. 2002 $400
Leeds Permanent Bldg. Soc. Fltg. Rate Nts. 1997 £155.03
Mitsui Toatsu Chems. 4.30% Bds. 1997 Y116,861
Do. 5.30% Bds. 2000 Y142,806
Murray Intl. Tst. 3.8p
Murray Ventures 3.4p
Nationwide Bldg. Soc. Fltg. Rate Nts. 1995 $84.36
Norsk Hydro 8¾% Nts. 1994 DKr1,625
Northern Rock Bldg. Soc. Fltg. Rate Nts. 1994 £155.45
Savoy Hotel A 7p
Do. B 3.5p
Secure Trust 9.5p
Sherwood Computer 5.25p
Wells Fargo Fltg. Rate Sub. Nts. 1997 $132.71

■ TOMORROW
Aluminium Co of Amer $0.40
Bowmore Intl. 2.53p
Eaton $0.55
Forsmarks Kraftsgrupp 9¾% Gtd. Nts. 1994 DKr1,950
Molins 9.5p
Norsk Hydro NKr3
Page (Michael) 1.2p
Petrofina BFr260
Do. NPV BFr260
Refuge 21.9p
Royal Dutch Petrlm. (Br.) Fl4.85
Do. (Regd.) Fl4.85
Slough Estates 5p
TSB Gilt Fund Partg. Red Pf. (Class B) 0.7p

■ WEDNESDAY MAY 26
Aegon Fl2.65
Christiania Bk. Step-Up Coupon Nts. 1993 Y720,000
Daniels (S.) 0.25p
De Beers Cons. Mines Linked Units $0.436543
Gartmore Scot Inv Inc 2.4p
Do. Package Units £6
Gen. Motors Acceptance of Can. Fltg. Rate Nts. 1996 C$363.72
Kvaerner Free A NKr5
Do. B NKr5
Lloyds Eurofin Gtd. Fltg. Rate Nts. 1996 £77.72
Merrill Lynch $0.35
Mitsubishi Bk. Fltg. Rate Sub. Ln. Ptg. 2000 $849.83
New Zealand Fltg. Rate Nts. 1997 £76.96
North Midland Cnstrctn 0.3p
Perkins Foods 2.7p
Prudential 7.8p
Sandvik Series B SKr9.50
Standard Chartered Sub. Fltg. Rate Nts. 1996 £77.42
Williams 7.5p
Wilson Bowden 6.2p
Woolwich Bldg. Soc. Fltg. Rate Ln. Nts. 1995 £153.82

■ THURSDAY MAY 27
Air Prods. & Chems. 8¾% Nts. 1997 £95
Allied Irish Banks Undated Fltg. Rate Nts. $363.96
BAs Fin. 8% Nts. 1997 $800
British Mohair 7.1p
Daimler-Benz DM13
GR (Hldgs.) 0.4p
Housing Fin. Corpn. 11½% Db. 2016 £5.75
Intec 6% Nts. 1999 Y600,000
Macfarlane (Clansman) 2.9p
Mowlem (J) 11½% Gtd. Bds. 2013 £1,150
Murray European Inv. 0.15p
Prudential Money Funds Ptg. Rd. Pf. DM Deposit DM1.8867
Do. Managed US$ $0.2151
Do. Managed Sterling 3.31p
Do. Sterling Deposit 2.57p
Do. US$ Deposit $0.0757
Do. Yen Deposit Y51.683
Sherwood Group 1.7p
Slough Ests 10% Bds 2007 £100
State Electricity Commission of Victoria 10½% Gtd. Nts. 2003 A$105
Steel Burrill Jones 9p
Sunset & Vine 1.5p
TI Group 7p
Toray Inds. Fltg. Rate Nts. 1997 Y87,812

■ FRIDAY MAY 28
Adwest 2p
Arjo Wiggins Appleton 3.85p
Avonside 2.2p
Bank of Montreal C$0.28
Bank of Scot. 9¼% Non-Cm. Irred. Pf. 4.625p
Do. 9¾% Non-Cm. Irred. Pf. 4.875p
Do. Undated Variable Rate Nts. $105.85
Barratt Devs. 1p
BAT Inds. 22.6p
Baynes (Charles) 0.9p
BBA 5.25p
BM Grp. 0.5p
BNB Resources 3.3p
Boot (Henry) 4.3p
Bradford & Bingley Fltg. Rate Nts. 1994 £157.38
Breedon 2.85p
Bridgestone Corpn. 7¼% 2000 Y725,000
Do. 7¼% 2001 Y725,000
Bridport-Gundry 1.5p
Brit. Polythene Inds. 6.5p
BTR 10.25p
Cadbury Schweppes 9.8p
Chase Manhattan Fltg. Rate Nts. 1997 $88.89
Chemical Bank Fltg. Rate Sub. Cap. Nts. 1994 £79.47
Chemical Banking Corpn. Fltg. Rate Senior Nts. 1999 $40.83
Clinton Cards 2.75p
Dagenham Motors 4p
Derwent Valley 5.7p
Dorling Kindersley 1.1p
First Chicago O'seas. Fin. Gtd. Fltg. Rate Sub. Nts. 1994 $132.71
Fleming (Robert) Netherlands Primary Capital Undated Gtd. Fltg. Rate Nts. $220.64
Foreign & Col. Pacific Inv. 1.2p
Forth Ports 4.25p
Garrard Inc. Inv. Tst. 2.625p
Global Grp. 0.3p
Great Western Fincl. $0.23
Halifax Bldg. Soc. Fltg. Rate Ln. Nts. 1996 £79.47
Do. Fltg. Rate Ln. Nts. 1996 £23.58
Hays 1.7p
Iceland Frozen Foods 6.9p
Kleinwort Benson Primary Cap. Undated Fltg. Rate Nts. $214.43
Do. Primary Cap. Undated Fltg. Rate Nts. (Series 2) $214.43
Kobe Steel 6.80% 1997 Y580,000
Do. 5.90% 1999 Y590,000
Leeds Permanent Bldg. Soc. 9¼% 1993 £462.50
Liberty 5.35p
Do. Non-Vtg. 5.35p
Lilleshall 2.85p
Lloyds Bk. Primary Cap. Undated Fltg. Rate Nts. (Ser. 2) $85.31
Magnolia 0.1p
Mayborn 3.4p
Morrison (Wm) Supermkts 0.64p
Natl. Westminster Bk. Undated Var. Rate Nts. $105.85
Do. Primary Cap. Fltg. Rate Nts. Series C $83.73
Nationwide Bldg. Soc. Fltg Rate Nts. 1996 (2nd Series) £23.44
Nestor-BNA 2p
New Brunswick (Province of) Fltg. Rate Nts. 1994 C$15.64
NHL (1) Securities Deferred Int. Mtg. Backed Fltg. Rate 2028 £268.92
Norsk Hydro 8% Nts. 1996 $10
Portmeirion Potts. 5.5p
Rugby Gtd Fltg. Rate Nts. Due Feb. 23 1997 $13,618.40
Do. Gtd. Fltg. Rate Nts. Due Aug. 23 1997 $9,785.07
Richardsons Westgarth 1.75p
Rotork 6.5p
Royal Bk. of Can. Fltg. Rate Debs. 2005 $24.79
Rutland Tst. 0.53p
Sphere Inv. Tst. 0.75p
Stoddard Sekers 4% Cm Pf 2p
Strong & Fisher 1p
3i Intl. Gtd. Fltg. Rate Nts. 1994 £15.89
Tibbett & Britten 8.1p
TR City of London 1.19p
TSB Var. Rate Sub. Nts. 2003 £168.29
TSB Hill Samuel Bk. Perp. Fltg. Rate Nts. $261.04
T & S Stores 3.5p
Twentefontein Utd. Colls. R0.40
Unilver Cap. Corpn. 8% Gtd. 1998 $400
Wells Fargo Fltg. Rate Sub. Nts. 2000 $40.83
Westpac Bkg. Corp. 8% Sub. 1998 $400

■ SUNDAY MAY 30
Throgmorton 12¼% Db. 2010 £6.15625

CONFERENCES & EXHIBITIONS

MAY 26
Private Finance for Public Projects
Speakers include: Norman Lamont, John MacGregor, Virginia Bottomley. This conference explores the Government's aim of attracting private finance in a number of public sector areas including the transport and health services.
Contact: Nicki Martin, CBI Conferences
Tel: 071 379 7400 Fax: 071 497 3646
LONDON

JUNE 7
Business Re-engineering: A new role for I.T.
This one day management conference provides an incisive guide to the challenges presented to the I.T. function. There will also be opportunities to obtain hands-on experience of some of the new software tools which support business modelling and redesign. Contact: Business Intelligence Tel: 081-544 1830
Fax: 081-544 9030
LONDON

JUNE 7
Strategies for Minimising Act Surpluses
Detailed examination of techniques available to reduce exposure to ACT surpluses including the important 1993 Budget proposals. Panel includes: Patrick Way, Gouldens; Adrian Dicker, BDO Binder Hamlyn; Johnathan Elman, Clifford Chance and Ken Etherington, BAT Industries Plc. Contact: Vicki Goffin, IBC Legal Studies and Services Ltd. Tel: 071 637 4383 Fax: 071-631 3214
LONDON

JUNE 7-8
Business Process Restructuring
An International 2 day conference. BPR is vital in developing a sustainable competitive edge to meet your customers demands. This meeting features key organisations who have practical experience of BPR and includes a hands-on workshop conducted by Price Waterhouse. Contact: Lucinda Middleton, IBC Technical Services. Tel: 071 637 4383.
LONDON

JUNE 8
Contingency Planning In Business, IT And Telecommunications
The current bombing campaign in the UK means that contingency planning is now a necessary element of business survival. Includes up to the minute information about disaster recovery from speakers whose organisations have been affected by disasters incl. the most recent attack. Contact: Dipti Chauhan, IBC Technical Services Ltd.
Tel: 071 637 4383 Fax: 071 631 3214
LONDON

JUNE 11
Kickstarting Continuous Improvement - Breaking down the barriers CBI/Develin & Partners Conference
A one day conference for those about to embark on a continuous improvement programme, or those struggling to maintain commitment to an existing programme.
Contact: Sandra Aldred, CBI Conferences
Tel: 071 379 7400 Fax: 071 497 3646
LONDON

JUNE 14-15
Understanding Data Communications
The emphasis of these two invigorating days will be on the clear presentation of the fundamentals of Data Communications. The seminar is intended for both non-technical people and for those with a computing background who need to be brought up to speed.
Contact: Peter Barnes, The Infomatics Resource Centre Tel: 081 871 2546
LONDON

JUNE 15 & 16
International Tax In The EEC And The US
The conference will focus on the overall position of the European Community, direct and indirect tax harmonisation, VAT, US tax proposals, US transfer pricing methods, the impact of tax treaty developments. Enquiries: Financial Times.
Tel: 071 814 9770 Fax: 071 873 3975/3969
LONDON

JUNE 14 - 15
7th International Private Banking Conference
"The changing world of private banking: New challenges, new strategies". Exclusive gathering of private bankers, fund managers, their advisors / suppliers to discuss fundamental changes in private banking. Topics: competitors: new/established, intermediaries, new growth poles, client needs, derivatives, confidentiality.
Contact: Elaine Fitzimons, Lafferty Conferences, Dublin Tel: (+353-1) 671 8022 Fax: (+353-1) 671 3594 / 671 8240
LONDON

JUNE 15
Financial Reporting and Auditing
Delegates will hear about the consequences of failing to comply with accounting standards. Speakers include Sir Ron Dearing, Sir Adrian Cadbury and Professor David Tweedie.
Contact: Karen Acton. CBI Conferences
Tel: 071 379 7400. Fax: 071 497 3646.
LONDON

JUNE 17
Assisting The Recovery
A conference for finance directors, managers and their advisors that will advise you how to maximise your business's chances of success as the recovery gets under way, gear up for profitable expansion, fine-tune your cash flows, incentivise and reward your personnel.
Littlejohn Frazer in association with Gee Conferences. Contact: Gee Conferences 0800-289520, fax 071-538 8623
LONDON

JUNE 17
Outsourcing I.T.: A Critical Assessment
This one day conference is designed to help senior *I.T. and business managers* assess the potential value of outsourcing to their organisations, and to identify the factors which contribute to the successful selection and management of such arrangements, including contractual and other practical questions.
Contact: Business Intelligence.
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

JUNE 17
Primary Health and Community Care: Issues in Purchasing and Skill-mix
London School of Economics. Study Day for Health Care Professionals. Fee £65 (including lunch and refreshments) Organised by CAIPE and The Royal College of GPs - PGEA approved.
Contact: LSE Short Courses Office
Tel: 071 955 7227 Fax: 071 955 7676
LONDON

JUNE 17-18
Managing for Success in R&D
An International Two-Day Conference. Chaired by Dr Ron Coleman CB, and Dr David Fishlock, OBE. The latest thinking in European R&D Management, in the wake of new plans from the British Government. Contact Lucinda Middleton, IBC Technical Services. 071-637 4383.
LONDON

JUNE 21
VAT & The Single Market
The aim of this conference is to simplify the complex EC rules in order to achieve cost-effective compliance. The speakers include Mike Arnold, Price Waterhouse; Ian Wandleworth, DHL International (UK) Ltd; John Arnold, Coopers & Lybrand and Peter Trevett, HM Customs and Excise. Contact: Vicki Goffin, IBC Legal Studies and Services Ltd
Tel: 071 637 4383 Fax: 071-631 3214
LONDON

JUNE 22
A Strategy for Compliance and Distribution
Topics to be covered COMPLIANCE AS A WAY OF LIFE "BUYING INTO COMPLIANCE" COMPLIANCE FOR PROFIT. Speakers include: Shaun Kinnis - Equitable Life Assurance Society, Mike Dixon - Windsor Life, Martin Greenwood - DBS Financial Management.
Enquiries: Oracle Business Information 071 792 3105
LONDON

JUNE 22
The 4th Annual Conference on Outsourcing and Facilities Management in I.T.
Highlights include include: the client/supplier relationship, negotiating a contract, service level agreements, the pros and cons of FM, and a case study of outsourcing an IT department within a small organisation. Contact: Dipti Chauhan, IBC Technical Services Ltd.
Tel: 071 637 4383 Fax: 071 631 3214
LONDON

JUNE 22-23
Conference On Investment Projects In The Ukraine
QEII Conference Centre
Fourteen leading Ukrainian Government Ministers and decision-makers. 68 investment and development projects in the fields of fuels, chemistry, tourism, transport, communications etc. An unparalleled opportunity for new business in one of the richest former Soviet states.
Springwell Communications Limited
Tel: 0737 760150 Fax: 0737 780160
LONDON

JUNE 22 - 24
If you're in IT in Europe, you're in Glasgow in June
Scotland's innovative IT business conference and exhibition, the 1993 IT Summit Glasgow Hilton, 22-24 June. Keynote: Peter Bonfield, chairman/chief executive, ICL and 60 other leading speakers.
Contact: Meeting Makers Ltd - 041 553 1930
GLASGOW

JUNE 23
International Wheat Council World Grain Conference
Speakers will address pertinent issues affecting world grain trade. Experts will analyse responses to food emergencies, particularly in Africa, and discuss development needs.
Contact: International Wheat Council
Tel: 071 513 1122. Fax: 071-712 0071
LONDON

JUNE 23
Investing in Success
Major annual Somerset Business Conference for companies who are committed to the development of their businesses and their people. Speakers include Sir John Banham and Pru Leith. Free to employers interested in developing the economy of Somerset, or existing investors in the County of Somerset.
Contact: Amanda Baker, Somerset Training & Enterprise Council.
Tel: 0823 259121 Fax: 0823 256174
SOMERSET

JUNE 23
Paying for Inter-Urban Roads
A conference on the Government's Green Paper on road charging and financing road infrastructure. Speakers include Rt Hon John MacGregor MP, Secretary of State for Transport. Contact: Iain Dale, The Waterfront Partnership.
Tel: 071 730 0430. Fax: 071 730 0460.
LONDON

JUNE 23
The Business Environment to 2000 : Anticipating and planning for Change.
The Henley Centre. Key sessions on economic and market prospects, new global realities, planning in chaotic times, organisational and technological impacts, politics and people.
Cost £350 + VAT. Contact: Anna Disley
Tel: 071 353 9961
LONDON

JUNE 23
UCP 500 - Practical Workshop on New Rules for Documentary Credits
Step by step comparison & explanation of differences between UCP 400 and the revision. Emphasis on the practical impact to everyone involved in letter of credit operations. Examples & cases will be used.
INTERFORUM Tel +44 (0) 71 386 9322
Fax +44 (0) 71 381 8914
LONDON

JUNE 23-24
The Legal and Practical Implications of PRIVATISING BRITISH RAIL
Keynote Address by Roger Freeman MP, Minister for Public Transport. Full Picture for potential investors and advisers of the opportunities and risks of being involved in the new regime. Contact: Athina Peters, IBC, Tel: 071 637 4383
Fax: 071 631 3214
LONDON

JUNE 24
Effective Bank Relationships
Do you get good terms from your bank and are you maximising your bank relationships? If you are unable to answer yes, then this IOD conference will address the problems small to medium-sized companies face with their banks.
Enquiries: Director Conferences
071 730 0022
LONDON

JUNE 28 - AUGUST 6
LSE International Summer Schools - 3 week long intensive programmes.
Some places remaining on following courses: Politics of Global Finance, New Europe in the World Economy, Political Economy of Development, CIS and Eastern Europe, Marketing, Human Resource Management and Design and Management of Efficient Organisations, Criminology and Criminal Justice. Contact: Nicola Meakin:
Phone: 071-955 7533. Fax: 071-955 7675
LONDON

JUNE 29
Private Sector Investment in Roads
ICM Conference focusing on the financial aspects of Road Investment. Speakers include Stephen Dorrell MP F.T. Secretary to the Treasury.
Enquiries/bookings on 0483-37107.
LONDON

JUNE 29-30
Collaborative Work: The Network & Multimedia Paradigm for Group Working
Computer supported cooperative work and Groupware will provide the competitive edge for many businesses in the near future. Case studies and technical presentations explain commercial issues of this important new technology.
Contact: Unicom
Tel: 0895 256484 Fax: 0895 813095
LONDON

JUNE 29-30
Securing Your Information Network: Technical and Legal Issues
Half-day management briefing, followed by 1½ days in-depth presentations, on computer and business security, viruses and hackers: technical and legal protection for the information resource.
Contact: Unicom
Tel: 0895 256484 Fax: 0895 813095
LONDON

JUNE 30
Business Performance Measurement: The Instruments of Corporate Change
A half-day executive seminar on new approaches to management reporting and control. Harvard Business School guru Robert Eccles and senior UK executives explore how to introduce new, non-financial and 'upstream' indicators into the business planning and reporting process.
Contact: Business Intelligence
Tel: 081-544 1830 Fax: 081-544 9020
LONDON

JUNE 30
Utilities and Their Customers - Whose Quality of Service Is It?
CRI conference discusses the setting of service and product standards, customer protection, accountability, and the balance of interest between consumers, shareholders and the community. Delegate discussion time included.
Contact: Leigh Sykes, CRI
Telephone: 071 895 8823
LONDON

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Contact: Leigh Sykes, CRI
Telephone: 071 895 8823
LONDON

JULY 6
Framework Four and EC Industrial Policy
This high-level conference will provide the latest information on 4th Framework programme for R&D, and explain the implications of the new EC industrial policy. Speakers will include EC and UK officials, industry leaders and experts. Contact Institute of European Technology on 071-628 9770 or fax to 071-628 7692
LONDON

JULY 7
Petroleum Revenue Tax
A conference examining the effects and implications of the Government's budget changes in PRT. Speakers include the Financial Secretary to the Treasury. Stephen Dorrell MP. Contact: Iain Dale, The Waterfront Partnership.
Tel: 071 730 0430 Fax: 071 730 0460
LONDON

JULY 9
TUPE And Acquired Rights: The Practical Implications For Government And Industry
Conference examining current legal and practical issues raised by EC Acquired Rights Directives and UK Transfer of Undertakings Directive. Speakers from EC, DOE, Trade Unions, Contracting Bodies, contractors and lawyers.
Enquiries: Amanda Daglish, CPRU.
Tel: 021 414 3221 Fax: 021 414 3217
BIRMINGHAM

JULY 15-16
The Effective Measurement And Management Of IT Costs And Benefits
Examines how to ensure maximum benefit from investment in information systems. Explores techniques of measurement and analysis as well as evaluating the results or research conducted in Europe and the U.S.A. Contact: Peter Barnes, The Infomatics Resource Centre. Tel: 081 871 2546.
LONDON

SEPTEMBER 6 & 7
Acquiring and Valuing in Spain
Acquiring and Valuing in Italy
These two one day seminars will take you through the acquisition process, highlighting the problems faced by foreign acquirors. Includes practical experience from those who have done it.
Contact: Acquisitions Monthly
Tel: 071 823 8740 Fax: 071 581 4331
LONDON

OCTOBER 4-7
Total Quality Management The Right Way to Manage© William E Conway
Bill Conway, the first Western CEO to implement the Deming philosophy in the West, will present his Right Way To Manage Seminar. People of all levels can learn from his knowledge and turn philosophy into practice. Mike Gallimore & Associates Ltd.
Tel: (0621) 858058 Fax: (0621) 850972
BIRMINGHAM

NOVEMBER 10
Hong Kong Works
A Hong Kong Government/Institute of Directors conference focusing on the increasing strategic importance of Hong Kong as the international business centre in East Asia. Speakers include the Prime Minister and Governor of Hong Kong.
Enquiries: Director Conferences
071-730 0022
LONDON

INTERNATIONAL

JUNE 2
European Human Resources & Personnel Management
This conference explores the development of personnel and human resources strategies in the Single Market and beyond. Speakers include the personnel director of British Nuclear Fuels and the head of personnel at the European Commission.
Contact: Lucinda Hallan, Rowlands International, Tel. (352) 463357
FAX (352) 463358
LUXEMBOURG

JUNE 7-10
Financial Planning and Control
Highlights the relationship between financial planning and strategic development and aims to increase the senior financial executive's understanding of the importance of effective strategic planning in achieving the company's overall objectives.
Contact: Management Centre Europe
Tel: 32.2.516.19.87 Fax: 32.2.513.71.08
CANNES

JUNE 8 & 9
Aerospace and Commercial Aviation to the Year 2000
The FT's biennial conference arranged to precede the Paris International Air Show will focus on the prospects and challenges for the airline and commercial manufacturing industries faced with increasing competition.
Enquiries: Financial Times
Tel: 071-814 9770
Fax: 071-873 3975/3969
PARIS

JUNE 9-11
Airports And The Environment
How will airport operations provide sufficient additional airport capacity to allow the regions of Europe to enjoy the significant economic benefits of air transport while minimising the environmental impact? Influences at play, sustainable mobility, technical and economic options. Contact: Mrs Susin - ACI EUROPE - Tel (+32) (2) 513 08 66
Fax (+32) (2) 513 26 06.
MALTA

JUNE 11
Which way ahead for European monetary union?
To be held soon after the second Danish referendum on Maastricht, this high-level event will examine the future of EMU, the EMS and the Ecu. Speakers include Abete, Agnelli, Delors, Davignon & Ciampi. Organised in conjunction with the Association for the Monetary Union of Europe. Contact Sue Giddins, Euromoney
Tel: 071-779-8830 Fax: 071-779-8835
ROME

JUNE 13 - 16
IABC (International Association Of Business Communicators) International Conference
The world's largest communication conference offers more than 65 quality educational sessions in a value-packed three and one-half days. Contact: IABC, San Francisco, California, U.S.A.
Tel: (415) 641-9349 ext. 118 or 122
CHICAGO, ILLINOIS, U.S.A.

JUNE 16-18
The European Financial Controllers' Conference
This international forum offers senior financial executives and excellent opportunity to explore new approaches and best practices in financial management. The faculty will include Peter Dempsey, Tony Hope, Liam Fahey and Adrian Auer.
Contact: Management Centre Europe
Tel: 32.2.516.19.87 Fax: 32.2.513.71.08
AMSTERDAM

JUNE 21-22
The 1993 European Oil Refining Conference
The premier European Oil Refining event focuses on Refinery Management/Strategy, Environmental Investment, "Bottom of the Barrel" and the Refinery-Petrochemical Interface. Speakers include OPEC and nine international oil *companies.*
Contact: WEFA Energy
Tel: (44 71) 631 0757
Fax: (44 71) 631 0754
BARCELONA

JUNE 23-25
21st Annual International Pharma Conference
"Competitive Excellence in the New Pharma Environment"
This international forum for top executives focuses on what will dictate the competitive position of pharma companies in the new business environment.
Contact: Management Centre Europe, Brussels. Tel: + 32-2-516.19.87,
Fax: +32-2-513.71.08
BRUSSELS

JUNE 24-25
Competitive Intelligence
Participate in a 1½ day programme of advanced-level seminars presented by Kirk Tyson and other business intelligence experts. Learn how to organise the intelligence function, and link it with the strategic management activity of the firm. Learn about powerful analytical tools used to measure competitor scientific and technological strengths. Contact: IIB SA. Tel: +41 22 362 77 67 Fax: +41 22 362 77 92
GENEVA

JUNE 28 & 29
Opportunities In Product Take-Back And Recycling
This forum will look at how take-back legislation will change the face of industry and examine the strategic opportunities to develop the capabilities to respond to the new environment. Enquiries: Financial Times.
Tel: 071 814-9770 Fax: 071 873 3975/3969
BONN

JUNE 28-29
2nd International Bank Marketing Conference
Theme: "Strategies for all Seasons" - Overcome the marketing challenge for the 90s: Database Marketing, Direct Service Provision, Merchandising, Public Relations, Advertising Financial Services, Marketing in a Recession, Micromarketing. For further details contact: Catherine O'Reilly, Lafferty Conferences.
Tel: (+353 1) 718022 Fax: 713594
PRAGUE

JUNE 28-29
Euromex Energia 93
Excellent opportunity for EC companies to make business contacts and exchange information with key personnel in the growing mexican energy industry - a multi-dimensional programme organised by the European Commission and CONAE, arm of the Energy Ministry, Mexico.
Contact: EC Secretariat, London.
Tel: (44 81) 660 7290
Fax: (44 81) 660 7971
MEXICO D.F.

JULY 5 - 9
The 8th Anglo/Japanese High Technology Industry Forum 1993
Convened by the Royal Institute of International Affairs, London and The Japan Economic Foundation, Tokyo. To be held in Tokyo. For further details please contact: Andrew Ackroyd, The Royal Institute of International Affairs, Chatham House, 10 St James's Square, London SW1Y 4LE
Tel: 071 957 5700. Fax: 071 957 5710
TOKYO

JULY 14-16
CUBA: Business, Trade & Investment
Euromoney's 2nd conference on Cuba takes place in Cancun with a day-trip to Cuba again. US executives can attend. In depth discussions and one-to-one meetings with Cuban government officers & international experts will give insight into opportunities & recent developments. Contact Karen Pedersen, Euromoney
Tel: 071-779 8831 Fax: 071-779 8835
CANCUN, MEXICO & CUBA

SEPTEMBER 30 - OCTOBER 1
The Business Implications Of Technology
Designed for senior executives worldwide, this global forum will focus on managing R&D and technology as strategic assets in responding to the requirements of global markets.
Contact: Management Centre Europe.
Tel: 322 516 1987 Fax: 322 513 7108
American Management Association
Tel: 212 903 7932 Fax: 212 713 1652
BRUSSELS

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close May 21

Quotations in cents unless marked $

MONTREAL

4 pm close May 21

Total Sales 27,649,322 shares

INDICES

NEW YORK

DOW JONES	May 21	May 20	May 19	May 18	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3492.83	3523.28	3500.03	3444.39	3523.28 (20/5)	3241.95 (20/1)	3523.28 (20/5/93)	41.22 (2/7/32)
Home Bonds	(u)	107.40	107.28	107.24	107.67 (7/5)	103.49 (11/1)	501.97 (27/4/93)	54.99 (1/10/81)
Transport	1585.00	1596.97	1589.62	1560.00	1633.08 (16/4)	1453.84 (4/1)	1633.08 (16/4/93)	12.32 (8/7/32)
Utilities	233.91	235.60	235.73	232.65	247.68 (16/4)	217.14 (8/1)	247.68 (16/4/93)	10.50 (8/4/32)

DJ Ind. Day's High 3532.96 (3529.88) Low 3468.47 (3475.39) (Theoretical♠)
Day's High 3524.11 (3523.28) Low 3477.05 (3494.77) (Actual♠)

STANDARD AND POOR'S

	May 21	May 20	May 19	May 18	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	445.84	450.59	447.57	440.32	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials♥	516.53	521.75	517.92	509.25	524.93 (10/3)	496.49 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	42.21	42.87	42.65	41.71	46.57 (12/4)	39.83 (8/1)	46.57 (13/4/93)	8.64 (1/10/74)
NYSE Composite	246.27	243.42	246.26	243.53	251.35 (10/3)	236.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amer Mkt. Value	432.86	432.29	429.92	423.22	432.86 (21/5)	395.84 (8/1)	432.86 (21/5/93)	29.31 (9/12/72)
NASDAQ Composite	694.23	697.43	690.43	680.79	703.85 (4/2)	645.87 (26/4)	703.85 (4/2/93)	54.87 (31/10/72)

	May 14	May 7	Apr 30	year ago (approx.)
Dow Industrial Div. Yield	2.97	3.04	3.04	2.79

	May 19	May 12	May 5	year ago (approx.)
S & P Industrial div. yield	2.49	2.52	2.52	2.61
S & P Ind. P/E ratio	26.60	26.25	26.22	29.29

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Wal-Mart Stores	4,965,700	27⅝	- ⅞
Pepsico	3,532,900	37	- ¾
Amer T & T	3,660,900	59¼	- ¼
Humana	2,114,600	11⅞	+ ½
Novacare Int	2,974,500	27⅞	+ ⅛
Unisys Corp	2,793,400	11⅞	- ½
Merck	2,630,600	38⅛	- 1
Philip Morris	2,568,600	50	- ⅛
Coca Cola	2,562,600	41	- 1⅛
Citicorp	2,525,000	27¾	- 1

TRADING ACTIVITY

† Volume (Millions)	May 21	May 20	May 19
New York SE	256.112	269.857	336.450
Amex	19.954	19.817	24.735
NASDAQ	(u)	343.230	318.309
NYSE			
Issues Traded	2,526	2,521	2,535
Rises	790	1,143	1,194
Falls	1,139	773	763
Unchanged	597	605	578
New Highs	57	85	90
New Lows	9	16	27

CANADA

TORONTO	May 21	May 20	May 19	May 18	1993 HIGH	1993 LOW
Metals & Minerals	2920.75	2900.64	2882.36	2865.11	2972.25 (9/2)	2743.31 (21/1)
Composite	3836.00	3831.60	3811.30	3835.90	3836.00 (21/5)	3275.80 (21/1)
MONTREAL Portfolio	1898.84	1901.12	1885.80	1892.19	1901.12 (20/5)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	May 21	May 20	May 19	May 18	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1695.6	1684.2	1682.6	1677.9	1710.10 (26/4)	1495.00 (13/1)
All Mining (1/1/80)	749.6	745.0	743.0	723.3	749.60 (21/5)	524.70 (12/1)
AUSTRIA						
Credit Aktien (30/12/84)	332.20	(c)	332.13	332.65	357.78 (9/3)	300.36 (14/1)
Traded Index (2/1/91)	800.34	(c)	793.69	800.60	860.17 (3/3)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	(c)	(c)	1213.21	1212.40	1269.11 (7/4)	1125.48 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	303.66	(c)	303.29	301.53	305.06 (14/5)	261.90 (4/1)
FINLAND						
HEX General (28/12/90)	1248.2	(c)	1217.2	1164.7	1248.20 (21/5)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	(c)	(c)	506.52	505.51	547.37 (30/3)	471.24 (13/1)
CAC 40 (31/12/87)	(c)	(c)	1836.78	1846.40	2035.91 (30/3)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	635.79	(c)	636.78	643.33	675.70 (10/3)	538.92 (14/1)
Commerzbank (1/12/53)	1802.1	(c)	1810.6	1824.2	1906.10 (10/3)	1694.30 (14/1)
DAX (30/12/87)	1610.59	(c)	1617.41	1628.48	1717.40 (11/3)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7169.96	7118.96	7053.29	7149.30	7169.96 (21/5)	5437.29 (4/1)
IRELAND						
SEQ Overall (4/1/88)	1535.64	1528.85	1524.41	1538.21	1591.74 (16/4)	1181.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	558.45	553.17	553.49	544.19	559.17 (20/5)	446.33 (8/1)
MIB General (4/1/93)	1233.0	1236.0	1233.0	1202.0	1236.00 (20/5)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20557.47	20330.39	20380.79	20229.33	21054.71 (10/5)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1613.12	1594.33	1597.96	1539.28	1639.05 (10/5)	1250.06 (25/1)
2nd Section (4/1/68)	2279.76	2266.37	2274.03	2279.04	2307.28 (17/5)	1657.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	729.35	735.11	729.43	725.46	735.11 (20/5)	614.28 (13/1)
NETHERLANDS						
CBS Tll Rtn Gen.(End 1983)	328.7	(c)	326.9	329.9	333.40 (13/5)	295.70 (4/1)
CBS All Shr (End 1983)	216.0	(c)	214.8	217.0	223.50 (19/4)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	806.78	(c)	806.89	814.22	827.94 (8/5)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1572.10	1575.72	1574.36	1598.14	1654.39 (5/5)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	462.46	463.92	462.73	461.62	483.92 (20/5)	394.10 (12/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1794.0♥	(c)	1617.0	1604.0	1817.00 (19/5)	775.00 (5/1)
JSE Industrial (28/9/78)	4511.0♥	(c)	4494.0	4470.0	4645.00 (10/2)	4323.80 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	727.99	727.37	724.76	722.61	737.59 (22/4)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	256.33	255.41	255.19	256.89	256.89 (18/5)	215.60 (4/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1092.7	(c)	1076.5	1083.2	1092.70 (21/5)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	995.0	(c)	994.0	992.9	995.00 (21/5)	904.80 (11/1)
SBC General (1/4/87)	760.2	(c)	759.7	759.0	760.20 (21/5)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	4300.25	4348.63	4446.54	4495.39	5013.38 (7/4)	3088.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	858.37	865.61	873.52	872.96	998.44 (25/1)	828.10 (4/5)
WORLD						
M.S. Capital Intl.(1/1/70) $	582.7*	561.2	559.8	553.5	585.20 (5/5)	488.60 (13/1)
Euro Top-100 (26/6/90)	968.54	966.66	968.03	970.22	970.22 (18/5)	882.73 (13/1)

**Saturday May 15: Taiwan Weighted Price; 4,565.51, Korea Comp Ex. 705.38.
♥ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Friday, May 21, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Hitachi Zosen	13.5m	603	+36	Miyaji Iron Wks	5.4m	815	+50
Mitsubishi Hvy	12.0m	734	+28	Nisshin Steel	5.1m	465	+30
Nippon Steel	10.2m	408	+13	Kawasaki Steel	4.8m	385	+7
NKK	6.7m	399	+9	Sumitomo Mt Mn	4.6m	1,120	
Sasebo Hvy Inds	5.7m	607	+13	Tokuma	4.5m	1,390	+20

AUSTRIA

FRANCE

GERMANY (continued)

NETHERLANDS (continued)

SWEDEN (continued)

BELGIUM/LUXEMBOURG

NORWAY

SWITZERLAND

ITALY

SPAIN

SOUTH AFRICA

DENMARK

FINLAND

GERMANY

NETHERLANDS

JAPAN

AUSTRALIA

HONG KONG

MALAYSIA

SINGAPORE

هكذا من الأصل

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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Smith & Williamson Unit Tst Mgrs (1600)F
1 Riding House St, London W1A 3AS 071-637 5377

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
S & W American	5	260.2	260.2	273.1	0.72	[illegible]
S & W Capital	5	115.0	116.0	123.4	1.73	[illegible]
S & W Cash	0	100.77	100.77	100.77	5.30	[illegible]
S & W European	5	109.2	109.2xd	115.5	1.22	[illegible]
S & W Far Eastern	5	142.3	143.7	152.1	0.00	[illegible]
S & W Growth	5	123.1	124.8	132.0	1.32	[illegible]
S & W Income	5	111.1	112.2	118.7	4.57	[illegible]
S & W Magnum	5	121.7	121.7	130.7	1.60	[illegible]
S & W Smllr Secs	5	311.5	318.0xd	336.4	0.47	[illegible]
S & W Thoroughbred	5	140.6	140.6	151.1	1.53	[illegible]

For Societe Generale Touche Remnant see Henderson

Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

Standard Life Tst Mgmt Ltd (0730)H
3 George St, Edinburgh EH2 2XZ 0800 393777

Robert Fleming Asset Mngmt Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
Am Exempt	£803.97	813.06	1.54	40456
Gen Exempt	£150.02	153.18	3.83	40457
Jap Exempt	£577.23	587.66	0.92	40458
Pacific Exempt	£151.31	156.00	7.76	46888
Contl Euro Exempt	£114.85	117.38	2.35	47874

Foreign & Colonial Unit Management Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
Balanced Acc May 18	183.0	190.3	3.51	43441
Balanced Inc May 18	181.7	188.8	3.51	43443
Latin American Acc May 19	87.2	90.4	1.43	43444

Funds in Court*

	Bid Price	Offer Price	Yield Gross	City-Line
Capital May 14	540.78	554.90	3.72	40506
Gross May 14	208.95	210.83xd	9.97	40508
High Yield May 14	332.48	335.10	7.76	40507

* Restricted to monies under Court control

Govett (John) Unit Mngmt Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
Managed Exempt	109.11	110.25	3.33	43446

Henderson Unit Trust Management Ltd

Albany Life Assurance Co Ltd - Contd.

Citibank Life
Perrymount Road, Haywards Heath 0444 414111

Family Assurance Society
17 West St, Brighton BN1 2RL 0273 724570

Homeowners Friendly Society
PO Box 94, Springfield Ave, Harrogate 0423 567355

M & G Life and M & G Pensions
Victoria Road, Chelmsford, CM1 1FB 0245 266266

Norwich Union Life Insurance Soc. - Contd.

INSURANCES

OTHER UK UNIT TRUSTS

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Providence Capital Life Assc. Co Ltd - Contd.

Alpha Pension Funds

	Bid Price	Offer Price	Yield Gross	City-Line
Int Alpha	225.3		-	47229
US Alpha	118.2		-	47230
Gilt Alpha	84.9		-	47231
Yield Alpha	86.2		-	47232
Japan Alpha	44.1		-	47233
US Dollar Alpha	73.0		-	47234
Yen Alpha	77.0		-	47235
DM Alpha	80.0		-	47236
European Alpha	82.9		-	47237

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707
Gold Range (Pensions)

	Bid Price	Offer Price	Yield Gross	City-Line
Discretionary Fund	165.2		-	46412

Provident Mutual Life Assc. Assn.
6 Kitts Way Stevenage Herts SG1 2ST 0438 732000

	Bid Price	Offer Price	Yield Gross	City-Line
Managed Ord	410.0	431.6	-	43484
Managed Init	290.7	306.0	-	43485
Equity Ord	613.4	645.7	-	43486
Equity Init	434.9	457.8	-	43487
Index Linked Gilt Ord	192.6	203.1	-	43488
Index Linked Gilt Init	142.9	150.4	-	43489
Overseas Equity Ord	327.4	344.6	-	43490
Overseas Equity Init	232.1	244.3	-	43491
Property Ord	225.2	237.1	-	43492
Property Init	159.6	168.0	-	43493
Fixed Interest Ord	257.3	270.8	-	43494
Fixed Interest Init	182.4	192.0	-	43495
Deposit Ord	196.1	206.4	-	43496
Deposit Init	139.0	146.3	-	43497

Pension Funds

	Bid Price	Offer Price	Yield Gross	City-Line
Managed Ord	538.9	568.3	-	43498
Managed Init	382.8	402.9	-	43499
Equity Ord	834.3	878.2	-	43500
Equity Init	591.5	622.6	-	43501
Pen Ind Lkd Gilt Ord	219.8	231.2	-	43502
Pen Ind Lkd Gilt Init	162.6	171.2	-	43503
Overseas Equity Ord	379.8	399.8	-	43504
Overseas Equity Init	269.3	283.5	-	43505
Property Ord	287.3	302.4	-	43506
Property Init	203.7	214.4	-	43507
Fixed Interest Ord	334.1	351.7	-	43508
Fixed Interest Init	236.9	249.4	-	43509
Deposit Ord	286.7	301.8	-	43510
Deposit Init	203.3	214.0	-	43511

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222
Prufund
[illegible]

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323
Life Funds (First Series)

	Bid Price	Offer Price	Yield Gross	City-Line
Managed	397.7	418.7	-	43851
Equity	498.9	525.2	-	43855
Property	239.4	252.0	-	43856
International	388.5	409.0	-	43857
Japanese	112.2	118.2	-	40287
Asia Pacific	136.4	143.6	-	46254
European	105.3	110.9	-	46268
American	136.8	144.1	-	46253
Fixed Interest	333.2	350.8	-	43858
Index-Linked Gilt	183.8	193.6	-	43850
Cash	219.5	231.1	-	43859

Life Funds (Second Series)

	Bid Price	Offer Price	Yield Gross	City-Line
Managed	110.6	116.5	-	47103
Equity	107.2	112.9	-	47057
Property	100.6	105.9	-	47107
International	120.0	126.4	-	47101
Japanese	112.4	118.4	-	47102
Asia Pacific	133.7	140.8	-	47059
European	104.4	109.9	-	47075
American	133.7	140.8	-	47060
Fixed Interest	125.3	131.9	-	47091
Index-Linked Gilt	117.6	122.8	-	47100
Cash	108.8	114.6	-	47061

Pension Funds

	Bid Price	Offer Price	Yield Gross	City-Line
Building Society	172.9	182.0	-	43874
Managed (Init)	229.9	242.0	-	43872
Managed (Acc)	453.7	477.6	-	43873
Equity (Init)	260.0	273.7	-	43862
Equity (Acc)	513.0	540.1	-	43863
Property (Init)	143.1	150.7	-	43865
Property (Acc)	282.4	297.3	-	43866
International (Init)	229.8	241.9	-	43866
International (Acc)	453.4	477.3	-	43867
Fixed Interest (Init)	222.3	234.0	-	43864
Fixed Interest (Acc)	436.6	461.7	-	43865
Cash (Init)	154.1	162.3	-	43870
Cash (Acc)	304.2	320.3	-	43871

Others

	Bid Price	Offer Price	Yield Gross	City-Line
Capital Guarantee Bond	97.8	103.0	-	44339

Scottish Equitable Life Assce. Soc.
28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	Yield Gross	City-Line
Mixed	220.8	232.4	-	43875
UK Equity	210.7	221.8	-	43876

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

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FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Prudential Fund Managers (Jersey) Ltd						
PO Box 103, St Helier, Jersey 0534 70009						
Prudential Currency Fd (Formerly Vanbrugh Currency Fd)						
Income (A & B)	5	209.8	209.8xd	220.3	4.33	4584
Growth (C & D)	5	309.4	309.4	324.9	5	4585
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 27441						
Govt Secs Fd	4	56.35	56.35	58.67	8.86	4524
Standard Bank Fund Mgmt (Jersey) Ltd						
PO Box 583, St Helier, Jersey CI 0534 67557						
International Bond	5	$-	15.78	16.70	4.61	4788
Sterling Bond	3	£-	9.804	10.14	7.69	4785
Sterling Cap		£-	42.36	42.38	5.73	4787
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	101.95	101.95xd	105.01	5.00	4307
Gilt & Fixed Interest	3	116.41	116.41xd	120.69	7.87	4308
Blue Chip & Gilt Equal	3	59.28	59.30xd	63.09	3.61	4306
International Bond	6	132.08	132.08xd	138.93	5.10	4312
UK Equity	5	243.67	252.95xd	268.28	1.30	4572
International Equity	5	171.72	174.05xd	183.21	0.38	4568
Far Eastern	5	157.75	160.00	169.12	0.00	4451
European	5	120.12	120.78	127.11	0.80	4450
Pan American	5	328.65	332.28	349.75	0.00	4376
TSB Gilt Fund Ltd						
Quarterly Share	3	105.11	105.11	108.54	7.74	4333
Monthly Share	3	103.72	103.72xd	107.11	7.84	4334

JERSEY (REGULATED)(**)

Barclays Intl Funds

Asian Selection Funds

	Bid Price	Offer Price	Yield Gross	City-Line
China	$9.453	9.951	0.0	-
Hong Kong	$29.875	31.447	0.4	44544
Indonesia	$9.588	10.091	0.0	44686
Korea	$11.280	11.853	0.0	44687
Malaysia	$18.820	19.811	0.0	44698
Philippines	$17.625	18.580	0.0	44699
Singapore	$12.868	13.596	0.0	44700
Thailand	$19.928	20.977	0.0	44717
South East Asia	$25.435	26.837	0.0	44716

Banque Scandinave a Luxembourg SA - Contd.

Scandinavian International Story

	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Gr's	City-Line
Intl Emerging Markets	5	$-	1.05	1.12	-	-

Barclays Diversified Portfolio

14 rue Aldringen L-1118 352 4799 2938

		Bid Price	Offer Price	Yield Gr's	City-Line
IPB Deutschmark Reserve	DM-	31.25	-	-	-
IPB Sterling Reserve	£-	10.20	-	-	-
IPB Swiss Franc Reserve	SFr-	30.45	-	-	-
IPB US Dollar Reserve	$-	20.20	-	-	-
IPB European Bond	Ecu-	17.19	-	-	-
IPB North American Bond	$-	21.18	-	-	-
IPB Espana	Pta-	2800	-	-	-
IPB Europe	Ecu-	17.48	-	-	-
IPB Japan	$-	26.87	-	-	-
IPB Pacific Rim	$-	32.69	-	-	-
IPB United Kingdom	£-	10.96	-	-	-
IPB United States	$-	21.12	-	-	-

Barclays Inv Funds (Luxembourg)

47 Avenue de la Gare L-1611 010 352 404344

Equity Funds

		Bid Price	Offer Price	Yield Gr's	City-Line
European Equity ‡ 5¼	£-	0.898	0.945	0.3	4734
Intl Equity ‡ 5¼	£-	1.398	1.487	0.5	4749
North Am Eqty ‡ 5¼	$-	34.30	36.47	0.3	4733
Pacific Eq ‡ 4¼	$-	6.228	6.620	0.5	4752
UK Equity ‡ 5¼	£-	1.088	1.158	2.8	4753
Bond Fund					
International Bond ‡ 3½	$-	98.05	102.51	5.6	4077

CMI Asset Management (Luxembourg) SA

203 route d'Arlon, L-1150 Lux 010 352 458825

CMI Managed Portfolio Investment Company (u)

		Bid Price	Offer Price	Yield Gr's	City-Line
Safeguard Portfolio F	£-	1.223	1.303	-	4497
Growth Portfolio F	£-	1.100	1.172	-	4498
Enterprise Portfolio F	£-	1.055	1.124	-	4499

CMI Global Network Fund (u)

		Bid Price	Offer Price	Yield Gr's	City-Line
Australasian Equity	A$-	12.805		-	4322
Benelux Equity	DG-	20.983		-	4323
Canadian Equity	C$-	10.016		-	4324
SE Asia Equity	$-	13.363		0.85	4325
French Equity	FFr-	58.142		0.84	4326
German Equity	DM-	17.800		-	4327
Iberian Equity	Pta-	746		0.01	4328
Irish Equity	I£-	4.309		-	-
Italian Equity	L-	8065		-	4329
Japanese Equity	Y-	1394		-	4331
Nordic Equity	SKr-	44.693		-	4330
Swiss Equity	SFr-	20.221		-	4332
UK Equity	£-	6.488		1.11	4333
US Equity	$-	13.755		0.95	4334

INVESCO International Limited - Contd.

Jupiter Tyndall Global Fund

Kleinwort Benson Japanese Warrant Fund

Kleinwort Benson Select Fund

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Banque Ferrier Lullin (Lux) SA

Banque Paribas Luxembourg

Nikko Bank (Luxembourg) S.A.

Nomura Asian Infrastructure Fd SICAV

China Investment Company

The China Invest & Development Fd Ltd

Citizens Investment Trust Mgt Co Ltd

Hill Samuel Investment Services Intl (z)

The India Magnum Fund NV

Indosuez Asia Invest Services Ltd

Pacific Growth Fund

Pakistan Fund

Pequot International Fund Inc

Philippine Income Fund Inc

Bird, Dawson

MANAGED FUNDS NOTES

مكتبة الأهل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE AND MONEY MARKETS

Focus on D-Mark

THE D-MARK weakened inside the European exchange rate mechanism last week and dealers will focus in the next few days on indicators that test the D-Mark's strength against the dollar and other currencies, *writes James Blitz*.

One reason for the softening of the D-Mark is that currency dealers continue to think that the Bundesbank is set to cut short term rates further. This week's provisional data for consumer price inflation in Germany should indicate by how much they intend to do so.

UK clearing bank base lending rate 6 per cent from January 26, 1993

The market is expecting another monthly rise in the German CPI, by about 0.3 per cent. This would help to bring down the headline rate of inflation, from 4.3 per cent in the year to April to 4.1 per cent in the year to May. Anything higher than this might alter the Bundesbank's perception of how quickly it should ease monetary policy, keeping the D-Mark firm.

The outlook for the dollar/D-Mark rate swill also depend on economic data in the US, including the Conference Board's consumer confidence figures (due tomorrow), the Michigan University consumer confidence figure (due Friday) and the Revised First Quarter GDP figure (also due Friday).

Mr Gerard Lyons, chief economist at DKB International in London, believes these figures are likely to underline the sluggishness of the recovery, *proving to be* dollar negative.

In Europe, the key question will be whether sterling, the French franc and high-yielding currencies can consolidate last week's gains against the D-Mark.

There are strong expectations, in particular, that the Bank of France will cut its intervention rate today, pushing its repo rate below Germany's for the first time since the winter of 1991. The intervention rate is currently at 7.75 per cent.

£ IN NEW YORK

May 21	Close	Previous Close
£ Spot	1.5425-1.5435	1.5560 1.5570
1 month	0.39-0.38pm	0.39 0.38pm
3 months	1.09-1.07pm	1.09 1.07pm
12 months	3.73-3.63	3.70 3.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May 21	Previous
8.30 am	81.1	80.6
9.00 am	81.1	80.6
10.00 am	81.1	80.5
11.00 am	81.0	80.5
Noon	81.1	80.8
1.00 pm	81.1	80.9
2.00 pm	81.0	80.9
3.00 pm	81.0	80.8
4.00 pm	80.6	80.9

CURRENCY MOVEMENTS

May 21	Bank of England Index	Morgan ** Guaranty Changes %
Sterling	80.6	-29.00
U.S Dollar	64.3	-13.90
Canadian Dollar	94.6	-7.52
Austrian Schilling	113.8	+15.83
Belgian Franc	115.1	+1.22
Danish Krone	117.3	+11.47
D-Mark	123.2	+30.61
Swiss Franc	110.3	+18.74
Dutch Guilder	118.7	+20.56
French Franc	109.2	-6.93
Lira	83.0	-32.36
Yen	171.9	+111.17
Peseta	91.7	-30.11

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100) **Rates are for May 20

OTHER CURRENCIES

May 21	£	$
Argentina	1.5480 - 1.5505	0.9990 - 1.0000
Australia	2.2270 - 2.2290	1.4400 - 1.4410
Brazil	60008.5 - 60047.5	38715.2 - 38715.4
Finland	8.4475 - 8.4895	5.4625 - 5.4825
Greece	337.150 - 343.950	216.750 - 221.100
Hong Kong	11.9755 - 11.9875	7.7275 - 7.7285
Iran	2581.00 - 2593.00	1642.00 - 1644.00
Korea(Sth)	1238.85 - 1258.85	799.40 - 805.80
Kuwait	0.46685 - 0.46775	0.30100 - 0.30150
Luxembourg	51.45 - 51.55	33.35 - 33.45
Malaysia	3.9695 - 3.9800	2.5695 - 2.5645
Mexico	4.8095 - 4.8125	3.1060 - 3.1080
N.Zealand	2.8415 - 2.8465	1.8350 - 1.8375
Saudi Ar	5.8060 - 5.8175	3.7495 - 3.7505
Singapore	2.5010 - 2.5075	1.6150 - 1.6160
S.Af (Cm)	4.9335 - 4.9445	3.1900 - 3.1815
S.Af (Fn)	7.1930 - 7.2085	4.6450 - 4.5550
Taiwan	40.05 - 40.20	25.85 - 25.95
U.A.E.	5.6830 - 5.6985	3.6715 - 3.6735

CURRENCY RATES

May 21	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.911644	0.778214
U.S Dollar	3.00	1.41168	1.20701
Canadian $	5.40	1.79057	1.52771
Austrian Sch	8.75	N/A	13.7981
Belgian Franc	8.50	N/A	40.2719
Danish Krone	8.25	N/A	7.50396
D-Mark	7.25	N/A	1.95934
Dutch Guilder	6.50	N/A	2.19543
French Franc	10	N/A	6.59833
Italian Lira	11.00	2077.29	1778.09
Japanese Yen	2.50	158.132	133.049
Norway Krone	-	N/A	8.26982
Spanish Peseta	-	174.328	149.343
Swedish Krona	11.50	N/A	8.79247
Swiss Franc	5.00	N/A	1.77310
Greek Drach	19	N/A	265.409
Irish Punt	-	N/A	0.801840

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for May 20

POUND SPOT - FORWARD AGAINST THE POUND

May 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5380 - 1.5585	1.5410 - 1.5420	0.39-0.37cpm	2.96	1.10-1.07pm	2.82
Canada	1.8616 - 1.8780	1.8545 - 1.8555	0.30-0.20cpm	1.53	0.55-0.43pm	1.00
Netherlands	2.8050 - 2.8325	2.8050 - 2.8150	¼-⅜cdis	-1.33	⅝-⅞dis	-1.07
Belgium	51.45 - 51.95	51.45 - 51.55	4-8cdis	-1.40	11-15dis	-1.13
Denmark	9.5850 - 9.6550	9.5850 - 9.6050	1⅞-4oredis	-3.38	4¼-7⅛dis	-2.53
Ireland	1.0285 - 1.0315	1.0265 - 1.0275	0.11-0.14cdis	-1.46	0.33-0.38dis	-1.38
Germany	2.5050 - 2.5245	2.5050 - 2.5100	⅜-½pfdis	-2.09	⅞-1dis	-1.50
Portugal	237.50 - 239.60	237.50 - 238.50	154-173cdis	-8.24	428-472dis	-7.58
Spain	190.85 - 192.40	190.85 - 191.15	98-108cdis	-6.41	250-287dis	-5.73
Italy	2278.30 - 2293.80	2276.50 - 2279.50	8-10liredis	-4.74	25-27dis	-4.56
Norway	10.5820 - 10.6440	10.5825 - 10.5925	¾-1⅞oredis	-1.49	2¼-4⅜dis	-1.25
France	8.4350 - 8.5025	8.4350 - 8.4450	1⅛-1¾cdis	-2.22	3-3⅝dis	-1.57
Sweden	11.2375 - 11.4410	11.2375 - 11.2475	2¼-4⅜oredis	-3.54	5⅞-8⅛dis	-2.48
Japan	169.75 - 172.25	169.75 - 170.75	½-¼ypm	3.08	1¼-1⅛pm	2.79
Austria	17.63 - 17.95	17.65 - 17.68	1⅞-2⅛grodis	-1.32	3-6⅛dis	-1.09
Switzerland	2.2650 - 2.2950	2.2650 - 2.2750	¼cpm-par	0.66	⅝-⅜pm	0.88
Ecu	1.2775 - 1.2960	1.2790 - 1.2900	0.20-0.24cdis	-2.06	0.47-0.54dis	-1.58

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.05-2.03pm . 12 Month 3.70-3.60pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

May 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5380 - 1.5585	1.5410 - 1.5420	0.39-0.37cpm	2.96	1.10-1.07pm	2.82
Ireland†	1.4970 - 1.5120	1.5030 - 1.5040	0.58-0.55cpm	4.51	1.59-1.54pm	4.16
Canada	1.2640 - 1.2685	1.2665 - 1.2675	0.15-0.19cdis	-1.61	0.55-0.60dis	-1.82
Netherlands	1.8105 - 1.8265	1.8230 - 1.8240	0.63-0.66cdis	-4.24	1.70-1.76dis	-3.79
Belgium	33.25 - 33.45	33.35 - 33.45	11.00-13.00cdis	-4.31	31.00-35.00dis	-3.96
Denmark	6.1825 - 6.2300	6.2250 - 6.2300	2.70-3.60oredis	-6.07	7.00-8.50dis	-4.98
Germany	1.6140 - 1.6310	1.6270 - 1.6280	0.64-0.65pfdis	-4.76	1.72-1.74dis	-4.25
Portugal	153.65 - 154.25	153.65 - 153.75	139-148cdis	-11.13	395-410dis	-10.34
Spain	123.10 - 124.25	123.90 - 124.00	92-98cdis	-9.10	250-260dis	-8.23
Italy	1466.00 - 1480.50	1478.25 - 1478.75	9.00-9.70liredis	-7.59	26.40-27.70dis	-7.32
Norway	6.8235 - 6.8795	6.8650 - 6.8700	2.30-2.85oredis	-4.50	6.50-7.40dis	-4.05
France	5.4400 - 5.4885	5.4725 - 5.4775	2.24-2.34cdis	-5.02	5.85-6.05dis	-4.35
Sweden	7.2735 - 7.3455	7.2900 - 7.2950	3.85-4.15oredis	-6.42	9.10-9.85dis	-5.20
Japan	109.90 - 110.55	110.35 - 110.45	0.01-0.02ydis	-0.16	par-0.01dis	-0.02
Austria	11.3550 - 11.4470	11.4310 - 11.4380	3.85-4.25grodis	-4.30	10.65-11.45dis	-3.87
Switzerland	1.4645 - 1.4760	1.4720 - 1.4730	0.25-0.28cdis	-2.16	0.71-0.78dis	-2.00
Ecu†	1.2010 - 1.2120	1.2055 - 1.2065	0.51-0.50cpm	5.02	1.33-1.30pm	4.36

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

May.21	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.542	2.508	170.3	8.440	2.270	2.810	2279	1.955	51.60	191.0	1.280
$	0.648	1	1.626	110.4	5.473	1.472	1.822	1478	1.268	33.40	123.9	0.830
DM	0.399	0.615	1	67.90	3.365	0.905	1.120	908.7	0.780	20.53	76.16	0.510
YEN	5.872	9.055	14.73	1000.	49.56	13.33	16.50	13382	11.48	302.4	1122	7.516
F Fr.	1.185	1.827	2.972	201.8	10.	2.690	3.329	2700	2.316	61.02	226.3	1.517
S Fr.	0.441	0.679	1.105	75.02	3.718	1	1.238	1004	0.861	22.69	84.14	0.564
N Fl.	0.356	0.549	0.893	60.60	3.004	0.808	1	811.0	0.696	18.33	67.97	0.456
Lira	0.439	0.677	1.100	74.73	3.703	0.996	1.233	1000.	0.858	22.60	83.81	0.562
C $	0.512	0.789	1.283	87.11	4.317	1.161	1.437	1166	1	26.34	97.70	0.655
B Fr.	1.942	2.994	4.870	330.7	16.39	4.408	5.458	4425	3.796	100.	370.9	2.486
Pta	0.524	0.807	1.313	89.16	4.419	1.188	1.471	1193	1.024	26.96	100.	0.670
Ecu	0.781	1.205	1.959	133.0	6.594	1.773	2.195	1780	1.527	40.23	149.2	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

EURO-CURRENCY INTEREST RATES

May 21	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	5¾ - 5⅝	5⅝ - 5½	5 13/16 - 5 11/16	6 1/16 - 5 15/16	6⅛ - 6	6¼ - 6⅛
US Dollar	3 - 2⅞	3 1/16 - 2 15/16	3⅛ - 3	3¼ - 3⅛	3⅜ - 3¼	3¾ - 3⅝
Can. Dollar	4⅝ - 4½	4½ - 4¼	4¾ - 4½	5⅛ - 4⅞	5⅜ - 5⅛	6¼ - 5⅞
Dutch Guilder	7⅜ - 7¼	7 5/16 - 7 3/16	7¼ - 7⅛	6 31/32 - 6 27/32	6 23/32 - 6 19/32	6⅜ - 6¼
Swiss Franc	5¼ - 5	5¼ - 5	5 3/16 - 5 1/16	5⅛ - 5	4 13/16 - 4 11/16	4¾ - 4⅝
D-Mark	7 15/16 - 7 13/16	7⅞ - 7¾	7¾ - 7⅝	7 5/16 - 7 3/16	7⅛ - 7	6 13/16 - 6 11/16
French Franc	8⅝ - 8½	8¼ - 8	8 - 7¾	7 7/16 - 7 5/16	7¼ - 7	6⅞ - 6⅝
Italian Lira	12½ - 10½	10¾ - 10¼	10⅝ - 10¼	10½ - 10⅛	10½ - 10⅛	10¼ - 10
Belgian Franc	7 11/16 - 7 9/16	7 11/16 - 7 9/16	7 11/16 - 7 9/16	7⅝ - 7½	6⅞ - 6¾	6¾ - 6⅝
Yen	3¼ - 3⅛	3 5/16 - 3¼	3 5/16 - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3⅛
Danish Krone	9¼ - 8¼	9½ - 8¾	9½ - 8½	8½ - 8	8 - 7½	7⅞ - 7⅜
Asian $Sing	3¼ - 2¼	3¼ - 2¼	3½ - 2½	3½ - 2½	3½ - 2½	3¾ - 2¾
Spanish Peseta	12¼ - 11¾	12⅛ - 11⅝	11 15/16 - 11 7/16	11 13/16 - 11 5/16	10¾ - 10⅜	10¾ - 10½
Portuguese Esc.	14½ - 13½	14½ - 13½	14½ - 13	14 - 12½	14 - 12½	13½ - 12½

Long term Eurodollars: two years 4⅛-4¼ per cent; three years 4⅞-4¾ per cent; four years 5 5/16-5 3/16 per cent; five years 5⅝-5½ per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 21)	3 months US dollars		6 months US Dollars	
	bid 3⅛	offer 3¼	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

4pm

Prime rate	6
Broker loan rate	5
Fed.funds	2 15/16
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	2.52	Three year	4.53
Two month	2.78	Five year	5.32
Three month	3.05	Seven year	5.75
Six month	3.20	10-year	6.14
One year	3.43	30-year	7.03
Two year	4.11		

May.21	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.75-7.85	7.55-7.65	7.40-7.55	7.30-7.40	6.95-7.10	8.50
Paris	8 1/16-8 3/16	7¾-7⅞	-	7 5/16-7 7/16	-	7.75
Zurich	5-5¼	5 3/16-5 5/16	-	5-5⅛	-	-
Amsterdam	7.18-7.31	7.02-7.17	-	6.87-6.97	-	-
Tokyo	3⅛-3 3/16	-	-	-	-	-
Milan	11 1/16	10½-10 9/16	-	10 5/16-10 7/16	-	-
Brussels	7 5/16-7 7/16	7 5/16-7 7/16	-	7 5/16-7 7/16	-	-
Dublin	7 9/16-7 11/16	7 9/16-7 11/16	7½-7⅝	7 7/16-7 9/16	7 5/16-7 7/16	-

LONDON MONEY RATES

May 21	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6¼	5⅞	5 13/16	6 1/16	6⅛	6¼
Interbank Bid	3½	5¾	5¾	5 15/16	5¾	6
Sterling CDs	-	-	5 23/32	5 29/32	5 31/32	6⅛
Local Authority Deps.	5⅞	6	6	6 1/16	6⅛	6¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6	5½	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5⅞	6 1/16	6	6⅛
Treasury Bills (Buy)	-	-	5 11/16	5 11/16	5 9/16	-
Bank Bills (Buy)	-	-	5 23/32	5 23/32	5¾	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	2.94	2.98	3.07	3.36
SDR Linked Dep. Offer	-	-	4 11/16	4⅝	4 9/16	4 9/16
SDR Linked Dep. Bid	-	-	4 7/16	4½	4 7/16	4 7/16
ECU Linked Dep. Offer	-	-	8	7 9/16	7 7/16	7 5/16
ECU Linked Dep. Bid	-	-	7¾	7 5/16	7 3/16	6 15/16

Treasury Bills (sell); one-month 5⅝ per cent; three months 5⅝ per cent; six months 5½ per cent; Bank Bills (sell): one-month 5 23/32 per cent; three months 5 11/16 per cent; Treasury Bills; Average tender rate of discount 5.3346 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 30 ,1993 . Agreed rates for period May 26, 1993 to June 22 , 1993 Schemes II & III: 7.26 p.c. Reference rate for period April1, 1993 to April 30 , 1993, Scheme IV&V: 6.018 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6½ from May 1 , 1993:Bank Deposit Rate for sums at 7 days notice 5⅜ p.c.:Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ p.c.; one-three months 5¼ p.c.; three-six months 5 p.c.; six-nine months 4¾ p.c.; nine-twelve months 4½ p.c.; Under £100,000 2¾ p.c. from Jan.27, 1993. Deposits withdrawn for cash 1¼p.c.

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Jun	109-24	110-04	109-15	110-09
Sep	108-17	108-29	108-08	109-02
Dec	107-11	107-21	107-04	107-28
Mar	106-08	106-17	106-01	106-24
Jun	105-05	105-07	104-30	105-20
Sep	104-04	104-07	103-30	104-18
Dec	103-06	103-07	103-01	103-19
Mar	102-10	-	-	102-23
Jun	101-17	101-27	101-16	101-30
Sep	100-26	-	-	101-07

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev.
Jun	96.93	96.95	96.92	96.97
Sep	96.80	96.82	96.78	96.87
Dec	96.44	96.54	96.42	96.58
Mar	96.28	96.28	96.28	96.43

BRITISH POUND (IMM) $s per £

	Close	High	Low	Prev.
Jun	1.5422	1.5556	1.5350	1.5558
Sep	1.5318	1.5450	1.5250	1.5454
Dec	1.5224	1.5320	1.5190	1.5360

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Close	High	Low	Prev.
Jun	0.6809	0.6819	0.6769	0.6819
Sep	0.6779	0.6784	0.6740	0.6788
Dec	0.6760	-	-	0.6769

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Close	High	Low	Prev.
Jun	0.9064	0.9087	0.9040	0.9037
Sep	0.9065	0.9089	0.9053	0.9037
Dec	0.9071	0.9089	0.9070	0.9042
Mar	0.9079	-	-	0.9049

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Close	High	Low	Prev.
Jun	0.6137	0.6172	0.6112	0.6180
Sep	0.6076	0.6051	0.6051	0.6119
Dec	0.6030	0.6020	0.6020	0.6073
Mar	0.5998	0.6000	0.6000	0.6039

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev.
Jun	96.69	96.72	96.68	96.72
Sep	96.52	96.60	96.51	96.59
Dec	96.00	96.13	97.98	96.14
Mar	95.87	95.97	95.83	95.99
Jun	95.53	95.64	95.51	95.66
Sep	95.21	95.27	95.19	95.34
Dec	94.78	94.84	94.77	94.91
Mar	94.72	94.76	94.70	94.82

STANDARD & POORS 500 INDEX $500 times index

	Close	High	Low	Prev.
Jun	445.70	450.60	444.50	450.80
Sep	446.40	451.20	445.50	451.50
Dec	447.25	452.00	446.10	452.40
Mar	448.70	-	447.10	453.60

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Jun	Calls Jul	Calls Aug	Calls Sep	Puts Jun	Puts Jul	Puts Aug	Puts Sep
1.475	6.60	6.94	7.25	7.53	0.16	0.90	1.53	2.19
1.500	4.44	5.12	5.67	5.95	0.49	1.66	2.33	3.02
1.525	2.63	3.57	4.12	4.57	1.16	2.50	3.31	4.12
1.550	1.41	2.42	2.98	3.45	2.36	3.74	4.64	5.48
1.575	0.65	1.55	2.12	2.59	4.04	5.35	6.22	7.04
1.600	-	0.94	1.44	1.87	6.14	7.23	8.00	8.75
1.625	0.07	0.53	0.94	1.31	8.40	9.29	9.99	10.67

Previous day's open int: Calls 602,444 Puts 553,125 (All currencies)
Previous day's volume: Calls 6,425 Puts 10,348 (All currencies)

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

BANK OF ENGLAND TREASURY BILL TENDER

WEEKLY CHANGE IN WORLD INTEREST RATES

LONDON			**NEW YORK**		
Base rates			Prime rates		
7 day Interbank			Federal Funds		
3-month Interbank			3 Mth. Treasury Bills		
Treasury Bill Tender			6 Mth. Treasury Bills		
Band 1 Bills			3 Mth. CD		
Band 2 Bills			**FRANKFURT**		
Band 3 Bills			Lombard		
Band 4 Bills			One mth. Interbank		
3 Mth. Treasury Bill			Three month	7.50	
1 Mth. Bank Bills				7.350	+0.025
3 Mth. Bank Bills			**PARIS**		
TOKYO			Intervention Rate	7.75	Unch'd
One month	-	-	One mth. Interbank	7 13/16	
Three month	-	-	Three month	7⅝	
BRUSSELS			**MILAN**		
One month	7⅛		One month	10 13/16	
Three month	7⅛		Three month	10½	
AMSTERDAM			**DUBLIN**		
One month	7.095	-0.78	One month	7⅝	
Three month	6.930	-0.025	Three month	7½	

BASE LENDING RATES

%		%		%	
Adam & Company	6	Cyprus Popular Bank	6	NatWestminster	6
Allied Trust Bank	6	Duncan Lawrie	6	Nykredit Mortgage Bnk	6.5
AIB Bank	6	Equatorial Bank plc	6	●Rea Brothers	6
●Henry Ansbacher	6	Exeter Bank Limited	7	Roxburghe Bank Ltd	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Royal Bk of Scotland	6
Bank of Baroda	6	●Robert Fleming & Co	6	●Smith & Williamson Secs.	6
Banco Bilbao Vizcaya	6	Girobank	6	Standard Chartered	6
Bank of Cyprus	6	●Guinness Mahon	6	TSB	6
Bank of Ireland	6	Habib Bank AG Zurich	6	Unibank plc	6
Bank of India	6	●Hambros Bank	6	●United Bk of Kuwait	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	Unity Trust Bank Plc	6
Barclays Bank	6	●Hill Samuel	6	Western Trust	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Hongkong & Shanghai.	6	Wimbledon & Sth West.	7
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6	Mount Banking	6		

● Members of British Merchant Banking & Securities Houses Association

STOCK INDICES

	May 21	May 20	May 19	May 18	May 17	May 14	1993 High	1993 Low	Since Compilation High	Since Compilation Low
FT-SE 100	2812.2	2816.8	2819.7	2847.3	2858.1	2847.0	2957.3	2737.6	2957.3	986.9
FT-SE Mid 250	3165.1	3160.1	3149.0	3151.2	3146.0	3142.3	3165.1	2876.3	3165.1	1379.4
FT-SE-A 350	1405.6	1406.9	1406.9	1417.8	1421.4	1416.8	1457.1	1348.7	1457.1	664.5
FT-A All-Share	1392.83	1393.64	1393.51	1403.74	1407.08	1402.58	1438.22	1086.13	1438.22	61.92
FT-SE Eurotrack 100	1155.78	1156.03	1147.97	1152.98	1146.07	1148.21	1167.52	1063.02	1200.27	900.45
FT-SE Eurotrack 200	1215.46	1220.19	1212.27	1217.75	1214.06	1212.97	1234.50	1144.79	1246.79	938.62
FT Ordinary	2187.4	2186.9	2194.2	2216.5	2224.9	2218.4	2299.5	2124.7	2299.5	49.4
FT Government Secs.	94.94	94.89	94.90	94.56	94.63	94.71	98.04	93.28	127.40	49.18
FT Fixed Interest	111.33	111.25	111.07	110.93	110.87	110.92	113.83	108.67	113.83	50.53
FT Gold Mines	185.3	178.3	185.6	165.6	168.6	165.1	185.6	60.0	734.7	43.5

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	Fri May 21: US Dollar Index	% chg ($) since 31/12/92	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/92	Gross Div. Yield	Thu May 20: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Dollar Index 1993 High	1993 Low	Year ago (approx)
Australia (68)	134.69	+7.7	129.55	94.00	113.97	129.05	+6.7	3.83	134.72	128.36	94.10	113.01	127.91	144.19	117.39	152.33
Austria (18)	142.71	+1.8	137.26	99.59	120.75	120.49	+2.6	1.70	144.03	137.23	100.61	120.82	120.71	150.96	131.16	167.92
Belgium (42)	146.32	+9.8	140.73	102.10	123.80	120.52	+10.3	4.70	147.42	140.47	102.98	123.86	120.52	156.76	131.19	141.84
Canada (109)	126.60	+11.2	123.69	89.74	108.81	117.99	+10.8	2.80	128.19	122.14	89.53	107.52	117.70	128.60	111.41	127.00
Denmark (33)	220.63	+18.5	212.20	153.97	186.68	186.87	+17.6	1.21	221.72	211.26	154.87	185.99	186.59	225.64	185.11	239.25
Finland (23)	100.92	+45.0	97.06	70.43	85.39	115.90	+51.7	1.06	97.90	93.28	68.38	82.12	113.05	100.92	65.50	78.87
France (98)	150.95	+2.6	145.18	105.33	127.71	129.64	+1.6	3.46	151.92	144.75	106.11	127.43	129.64	167.38	142.72	166.03
Germany (62)	109.22	+5.0	105.05	76.23	92.41	92.41	+5.5	2.29	110.78	105.55	77.39	92.92	92.92	117.10	101.59	123.69
Hong Kong (55)	290.62	+31.2	279.51	202.81	245.91	288.34	+30.9	3.23	289.04	275.40	201.89	242.47	286.79	290.62	218.82	244.23
Ireland (15)	159.39	+17.4	153.30	111.23	134.86	149.38	+26.7	3.55	159.67	152.13	111.53	133.94	148.70	170.40	129.28	160.27
Italy (73)	72.15	+31.5	69.39	50.34	61.04	79.66	+31.9	2.41	72.82	69.38	50.86	61.08	79.81	72.82	53.78	71.84
Japan (470)	144.74	+37.8	139.21	101.01	122.48	101.01	+21.9	0.83	142.87	136.13	99.79	119.86	99.79	146.85	100.75	103.97
Malaysia (69)	338.39	+29.4	325.46	236.14	286.31	334.15	+26.9	2.01	343.04	326.85	239.60	287.75	339.14	343.04	251.66	238.67
Mexico (18)	1519.84	-7.8	1461.76	1060.63	1285.99	5162.96	-8.2	1.31	1514.71	1443.24	1058.01	1270.62	5153.79	1725.81	1410.30	1623.59
Netherland (24)	164.18	+8.4	157.90	114.57	138.92	136.64	+8.7	4.05	164.34	156.58	114.79	137.86	135.76	172.75	150.39	158.01
New Zealand (13)	49.01	+14.3	47.14	34.21	41.47	47.79	+7.9	4.78	49.00	46.69	34.23	41.11	48.05	49.32	40.56	46.74
Norway (22)	158.11	+14.8	152.07	110.34	133.79	147.38	+14.0	1.79	159.00	151.50	111.06	133.38	147.29	166.21	137.71	185.94
Singapore (38)	252.90	+18.5	243.23	176.49	213.98	188.27	+16.7	1.83	254.29	242.30	177.62	213.31	189.08	254.49	207.04	215.29
South Africa (60)	197.46	+33.3	189.92	137.80	167.07	200.69	+27.7	2.51	200.98	191.50	140.38	168.59	200.97	200.98	144.72	241.79
Spain (46)	128.86	+10.5	123.94	89.93	109.03	121.00	+19.6	4.93	129.21	123.11	90.25	108.39	120.74	132.82	115.23	158.81
Sweden (36)	180.25	+8.9	173.36	125.79	152.52	194.59	+12.3	1.74	177.17	168.81	123.75	148.62	191.66	180.25	149.70	199.01
Switzerland (55)	122.57	+8.5	117.89	85.54	103.73	111.90	+9.0	1.94	123.14	117.33	86.02	103.31	111.84	123.58	108.91	105.02
United Kingdom (218)	176.24	+2.2	169.50	122.98	149.11	169.50	+0.4	4.06	178.10	169.70	124.39	149.39	169.70	181.99	162.00	198.48
USA (519)	182.26	+2.3	175.29	127.19	154.22	182.26	+2.3	2.81	184.19	175.50	128.66	154.51	184.19	188.27	175.38	168.84
Europe (765)	144.18	+6.0	138.67	100.62	122.00	131.96	+5.7	3.38	145.28	138.43	101.48	121.87	131.97	149.02	133.92	155.61
Nordic (114)	169.92	+14.6	163.42	118.58	143.77	162.17	+16.6	1.54	167.90	159.97	117.27	140.84	160.22	169.82	142.13	182.57
Pacific Basin (713)	148.74	+35.6	143.06	103.80	125.86	107.49	+21.6	1.10	147.06	140.13	102.73	123.37	106.33	150.03	105.89	110.20
Euro-Pacific (1478)	146.76	+21.9	141.15	102.41	124.17	118.09	+14.7	2.02	146.21	139.32	102.12	122.65	117.33	148.94	117.26	128.58
North America (628)	178.91	+2.7	172.07	124.87	151.41	177.88	+2.7	2.80	180.70	172.17	126.23	151.60	179.66	182.38	171.51	186.21
Europe Ex. UK (547)	124.40	+8.7	119.64	86.83	105.28	110.74	+9.5	2.91	125.09	119.19	87.39	104.96	110.66	128.65	112.51	130.20
Pacific Ex. Japan (243)	188.44	+21.0	181.24	131.52	159.46	172.68	+19.7	3.17	188.51	179.62	131.89	158.15	172.32	188.51	152.70	171.59
World Ex. US (1665)	147.50	+21.4	141.86	102.94	124.81	120.23	+14.5	2.04	147.00	140.07	102.69	123.32	119.50	149.39	118.51	130.74
World Ex. UK (1966)	156.41	+14.6	150.43	109.16	132.35	136.32	+10.4	2.15	156.58	149.19	109.38	131.36	136.34	157.19	134.22	137.34
World Ex. So. Af. (2124)	157.99	+13.1	151.96	110.27	133.69	138.88	+9.3	2.33	158.29	150.82	110.57	132.79	138.92	158.98	137.29	141.95
World Ex. Japan (1714)	167.12	+5.0	160.73	116.64	141.43	160.63	+4.7	3.00	168.56	160.61	117.75	141.42	161.54	168.56	157.47	164.29
The World Index (2184)	158.16	+13.3	152.12	110.38	133.83	139.40	+9.4	2.34	158.48	151.00	110.70	132.95	139.44	159.07	137.32	142.60

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).
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Constituent change during the week ending 21/5/93: Name change: Sungei Besi Mines to Kelanamas Inds. Bhd. (Malaysia). Constituent changes with effect 24/5/93: Addition: Swissair (Registered). Deletion: Swissair (Bearer). Markets closed 21/5/93: Belgium and France.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Brown Shipley & Co Ltd — Founders Court, Lothbury, London EC2 — 071-606 9833
Caledonian Bank Plc — 8 St Andrew Square, Edinburgh EH2 2PP — 031 556 8235
Cater Allen Ltd — 20 Birchin Lane, London EC3V 9DJ — 071-623 2070
Charterhouse Bank Limited — 1 Paternoster Row, EC4M 7DH. — 071-248 4000
Clydesdale Bank Flexible Solution Acc — 30 St Vincent Place, Glasgow G1 2HL — 041-248 7070
Confederation Bank Limited
The Co-operative Bank
Provincial Bank PLC — 30 Ashley Rd, Altrincham, Cheshire — 061-928 9011
Royal Bank of Scotland plc Premium Acc — 42 St Andrew Sq, Edinburgh EH2 2YE. — 031-523 6302
Save & Prosper/Robert Fleming — 16-22 Western Rd, Romford RM1 3LB. — 0800 282101
Tyndall & Co Ltd — 29-33 Princess Victoria St, Bristol — 0272 744720
ULC Trust Limited — 1 Great Cumberland Pl, London W1H 7AL — 071-258 0094
United Dominions Trust Ltd — PO Box 135, Abbey St, Reading RG1 3EB — 0734 580411
J. Henry Schroder Wagg & Co Ltd — 120 Cheapside, London EC2V 6DS — 071-382 6000
Western Trust High Interest Cheque Acc — The Moneycentre, Plymouth PL1 1SE — 0752 224141
Wimbledon & South West Finance PLC — 114 Newgate St, London EC1 7AE — 071-606 9485

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	W'k% ch'nge	Div gross	Dividends paid	Last xd	City line
Abbott Labs		18¾xd	4.7	68c	FeMyAuNv	13.4	1503
Allegheny & W	♥	580p	11.1	30c	–	–	–
Amdahl		341p	–3	6c	NvFeJcAu	31.1	–
Amer Cyanamid		33⅛	–.7	$1.65	[illegible]	4.3	–
Amer Express		18½xd	3.0	$1.00	FeMyAuNv	30.3	1594
Amer T & T		38½xd	8.5	$1.32	FeMyAuNv	29.12	1597
Ameritech		47⅞	0.3	$3.60	FeMyAuNv	28.3	–
BankAmerica		28¼xd	–3.8	$1.40	MrJeSeDe	18.5	1744
Bankers NY		45xd	–.1	$2.12	ApJyOcJa	24.12	1745
Bell Atlantic		35¼	3.7	$2.68	FeMyAuNv	4.7	–
BellSouth		34	1.6	$2.76	FeMyAuNv	6.4	–
Bethlehem Steel	♥	12⅝xd	–5.6	–	MrJeSeDe	6.2	1821
Bowater		1404pxd	–2.0	80c	OcJaApJy	9.3	1884
CPC		28¾xd	–	$1.28	JaApJyOc	28.3	2363
Cadiz Land Inc	♥	77½c	–	–	†	–	–
California Engy		1359p	–	–	–	–	–
Chase Manhattan		19¼xd	–2.1	$1.20	FeMyAuNv	27.4	2109
Chrysler		27¼xd	0.5	60c	ApJyOcJa	10.3	2135
Citicorp		18⅝xd	1.4	–	–	23.10	2141
Colgate-Palm		38⅝xd	–2.8	$1.24	FeMyAuNv	22.7	2184
Cont'l Bank		1550p	–3	80c	DeMrJeSe	31.5	–
Dana		31⅝xd	–1.7	$1.60	MrJeSeDe	24.2	2306
Data General		690p	7.3	–	–	–	–
Decora Inds	♥	138p	–	–	†	–	–
Dun & Brad		38⅝	0.2	$2.44	MrJeSeDe	13.2	–

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+or-	Div net	Div cov	Dividends paid	Last xd	City line
Glencar Expl IE	‡‡	12	....	-	-	-	-	-
Greenwich Res	♣□	19	4.1	-	-	-	-	2773
Hemlo Gold CS		65¼	6.4	028c	-	Dec Jun	8.11	-
Ivernia West IE	‡‡□	48	-12.7	-	-	-	-	-
Kenmare	♣□	10½	....	-	-	-	-	1453
Melinga Res.		14½	-3.3	-	-	-	-	-
Navan Res IE	♣	41	7.9	-	-	-	-	1785
5pc Ln Notes		41	7.9	-	-	-	-	-
Oryx Gold		62⅞	....	-		-	-	3686
‡‡Ovoca Res IE		3½	....	-	-	-	-	1470
RTZ	♣N□	637	-.8	19.5	1.3	Dec Jul	15.3	3980
Vizcaya	♣	5¼f	....	-	-	-	-	4193

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. z Dividend includes a special payment: Cover does not apply to special payment. E Auction basis. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/or rights issue. H Dividend based on prospectus or other official estimates for 1993. K Dividend based on prospectus or other official estimates for 1992-93. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1993-94. N Dividend based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xe ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: David Brown (Engineering General) and Westminster Healthcare (Health & Household). Deletions: Scottish Hydro (Electricty), Barrett (H) (Metals & Metal Forming) and Somerset Trust (Other Financial).

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4 pm close May 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

Continued on next page

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4 pm close May 21

NYSE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous page										
- S -										
22	15½	S Anita Rt	1.38	7.4	20	167	18½	18¼	18½	+⅛
20¾	17	SCOR US Cp	0.32	1.8	223	12	17⅞	17⅞	17⅞	
27⅝	20	SPS Techno	1.28	4.7	20	119	27½	27⅜	27½	
14½	12⅞	Sabine Rt	1.33	9.4	10	15	14⅛	14	14⅛	+⅛
13⅛	8⅞	Safecard	0.10	0.8	16	73	12½	12⅜	12½	
[illegible]										

Price data supplied by Telekurs

AMEX COMPOSITE PRICES

4 pm close May 21

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

4 pm close May 21

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
[illegible]							

MONDAY INTERVIEW

Flinty foe of market friction

Sir Bryan Carsberg, UK director-general of fair trading, talks to **Hugo Dixon**

'I don't think the government is going soft'

Sir Bryan Carsberg, the UK director-general of fair trading, is making himself unpopular with large swathes of British industry. This month he has referred three industries to the Monopolies and Mergers Commission on anti-competitive grounds: ice-cream companies, the home-valuation market and the record industry. The latter followed widespread complaints about compact disc prices.

As Sir Bryan approaches his first anniversary in the job, an ever-increasing number of industries is coming under investigation. Doctors, the perfume business, condom manufacturers, the ITV companies – even the Financial Times's data-base service – have been referred to the MMC. He has also started his own investigation into office-equipment leasing, and proposed controversial disclosure rules for the life assurance industry.

Sir Bryan originally made a name for himself as an enemy of monopolies during his eight years as director-general of Oftel, the telecommunications regulator, when he pitted himself against British Telecommunications' dominance in the newly privatised industry. His current job has given him the responsibility of investigating monopolies, cartels and other restrictive practices throughout British industry.

In doing so, Sir Bryan, once an accountancy professor at the London School of Economics, admits he is often tempted to tear up his textbooks. Adam Smith's model of many players in "perfect competition" with one another is comparatively rare, he says, while oligopoly and monopoly are common.

Sir Bryan acknowledges that it would not be sensible to try to turn oligopolistic markets into "Adam Smith-type models". But he argues that it is possible to tackle "frictions" that stop the market working as well as it might. By focusing on such frictions, he hopes to encourage more competitive markets which, in turn, he believes would benefit customers through lower prices and more choice.

Sir Bryan's most potent weapon is to refer a case to the MCC, which then reports on whether the practice in question is against the public interest. In deciding whether to make a reference, Sir Bryan has to exercise his judgment. This reflects the fact that there is a dispute among economists on where to draw the boundary between anti-competitive practices and acceptable business behaviour. Most of the controversial cases where Sir Bryan has acted can be sorted into three families.

First, restrictive distribution arrangements – in which a manufacturer refuses to supply certain retailers or attaches conditions to the supply of its products. Sir Bryan's concern is that these arrangements may be used to keep competing manufacturers out of the market or prices artificially high.

Such was the consideration behind the probe into the ice cream industry, where there is a widespread practice of supplying freezer cabinets free of charge to small retailers provided they are not used to stock competitors' products. Another example is last November's referral of perfume manufacturers which were refusing to supply their fragrances directly to Superdrug, a discount retailer.

Both probes have been challenged. Wall's, the main focus of the ice cream investigation which followed complaints by rival Mars, argues that it should be allowed to reap the rewards of investing in its distribution outlets. The perfume makers meanwhile say that they must be allowed to choose retailers to ensure their products are sold in high-quality surroundings.

In the case of perfumes, Sir Bryan responds: "It was not in my mind to prevent manufacturers maintaining quality standards. It was much more a question of whether they were applied objectively. Superdrug was prepared to do the same as Boots in terms of quality."

A second type of case involves alleged exploitation of copyright. While Sir Bryan acknowledges that copyright law is necessary to "give encouragement to intellectually productive activity", he is concerned that the monopoly control it gives can be abused.

This was the thinking behind his MMC referral last month of FT Profile, which has refused to allow competitive data-bases to stock FT articles. Copyright considerations – in particular, the ban on imports of recorded music from the US, where wholesale prices are lower – also underlie the MMC's investigation of compact disc prices.

The FT has argued that it would be unfair to require it to make its text freely available to competitors while being denied the right to publish electronically foreign papers such as The Wall Street Journal. The music industry says that the right to ban "parallel imports" is essential to exploit intellectual property rights and hence encourage investment in new artists.

A third group of cases involves failure by marketers to provide full information about their products. Sir Bryan believes that competitive markets only work properly if consumers know what they are buying and how much a product or service really costs. Otherwise they can be hoodwinked into buying inappropriate goods.

These were the concerns which led to Sir Bryan's assault on the lack of transparency in charges and benefits in the life assurance industry. They also explain his investigation of office-equipment leasing, following allegations by customers of high-pressure sales techniques, in particular by photocopier suppliers.

In such cases, the question is whether Sir Bryan is guilty of "nannying" consumers. If he tries to protect people from their follies, will they ever learn to be shrewd buyers? Shouldn't the principle of *caveat emptor* apply?

Sir Bryan admits there is "an element of nannying" but argues that he has to make a judgment about the "practical balance of economic power" in cases such as these.

"It would be nice to think that people came out of school with a working knowledge of life assurance," he says. But, given that they do not, "by the time they have learned, it is already too late". He also argues that even fairly shrewd people can be hoodwinked: "One hears of leading competition lawyers who got caught on photocopier leasing."

Sir Bryan's vigorous approach to rooting out alleged anti-competitive practices has provoked disappointment and anger among companies being investigated. They argue that he is taking an excessively interventionist line. While there is no sign that he lacks the courage to carry through his investigations in the face of such criticism, the efficacy of his actions will largely depend on how other bodies react.

It is too early to say whether the MMC will back his views on what constitutes anti-competitive behaviour. The commission typically takes nine months to complete its investigations and has yet to report on any of Sir Bryan's monopoly references. On mergers, it has made two reports – concluding in one case that the merger was against the public interest and in the other that it was not.

There is also a question of how much support he will receive from ministers, in particular from Mr Michael Heseltine, the trade and industry secretary. So far, the signs are not very encouraging. In February, Mr Heseltine twice overruled Sir Bryan's advice that proposed mergers should be referred to the MMC: the merger of GEC's and Philips Electronics' infra-red defence businesses, and Airtours' bid for rival holiday company Owners Abroad.

Mr Heseltine also decided last month not to move ahead with a proposal to outlaw abuses of market power, despite advice from Sir Bryan. Instead, he decided to beef up the existing approach – under which practices are not deemed anti-competitive unless an MMC investigation finds them to be so.

Sir Bryan, however, professes not to be worried by these developments. He explains the two merger decisions by saying that these were issues on which it was possible to have different opinions. Similarly, he understands why a desire to reduce industry's regulatory burden prevented the government taking a tougher line on abuses of market power. "I don't actually think the government is going soft on competition policy."

But, even if the government's commitment to competition were to waver, Sir Bryan would be determined to continue his fight against market frictions: "If I thought a case was a good one to go to the MMC, the thought that ministers might not agree would not divert me."

PERSONAL FILE

- **1939** Born in London.
- **1960** Qualified as a chartered accountant.
- **1969** Professor of accounting, University of Manchester.
- **1974** Visiting professor, University of California (Berkeley).
- **1981** Arthur Andersen professor of accounting, London School of Economics.
- **1984** Director-general of telecommunications.
- **1992** Director-general of fair trading.

Clouds over the Clinton plan

MICHAEL PROWSE on AMERICA

President Bill Clinton's economic plan got off to a wonderful start. At last, it was said, somebody is facing up to the US's long-term economic problems; somebody is treating the electorate like adults. Since those heady days in February, support has melted away. Today, Mr Clinton is facing vociferous congressional opposition, not just from die-hard conservative Republicans but from moderate Democrats such as Senator David Boren of Oklahoma, the kind of person whose support ought to be automatic.

"If this president were to get his wish of passing this budget... it would be the surest formula for the destruction of the Democratic party and any chance he has for reelection," Mr Boren told the Washington Post last week. He had just unveiled an alternative budget plan co-sponsored by two leading Republican senators. As Mr Boren represents an energy-producing state and is proposing, among other changes, the abolition of the planned energy tax, the White House tried to dismiss his challenge as mere special-interest pleading.

But the heart of his objection is that the Clinton deficit-reduction plan relies too heavily on tax increases and not enough on spending restraint. Spending "cuts" represent only about a third of the net deficit reduction proposed by the White House. Mr Boren is demanding that each dollar in new taxes should instead be accompanied by at least \$2 in spending cuts, thus effectively reversing Mr Clinton's priorities. He would more than make up the revenue lost in scrapping the energy levy by imposing tougher curbs on "entitlement" spending, such as federal health programmes.

The Boren amendment is not reckoned to have any chance of passing in the Senate. But the doubts he raises about the balance between new taxes and spending cuts are shared by many moderate and conservative Democrats, and by nearly all Republicans. Even if the beleaguered Clinton plan survives a vote by the full House of Representatives next week, it will face an uphill battle in the Senate. Since Democrats have only a 11-to-9 majority on the crucial Senate finance committee, a single defection by Mr Boren or one of his colleagues could threaten the legislation.

Polls suggest that Americans accept the need for the modest deficit reduction proposed in the Clinton plan, which would stabilise the structural budget deficit (the deficit adjusted for the economic cycle) at about 3 per cent of gross domestic product. But with the economic recovery still perceived as fragile, there is great unhappiness about the reliance placed on new taxes.

The energy tax is unpopular but economically defensible. But it seems perverse to be calling for a steep increase in the top marginal income tax rate from 31 per cent to more than 40 per cent (before allowing for state taxes of 6 to 9 per cent). Businessmen are also worried about a higher corporate tax rate and the prospect of new payroll taxes to pay for what promises to be an expensive reform of the healthcare system.

Mr Clinton's plan is meeting stiff opposition because there is nothing in it that seems likely to stimulate growth or entrepreneurship immediately. The White House says this is the fault of Senate Republicans, who killed the \$16bn short-term fiscal stimulus planned for this year, and Democrats such as Mr Dan Rostenkowski, chairman of the House ways and means committee, who axed the proposed new investment tax credits.

But neither of these proposals was sound. It made no sense to begin a programme of deficit reduction by raising the deficit. Investment tax credits, meanwhile, merely represented the reintroduction of fiscal loopholes that Mr Rostenkowski's committee had sweated blood to eliminate in 1986.

What Mr Clinton needed was a deficit reduction programme that preserved or, better still, enhanced existing incentives for work, saving and investment. This was perfectly possible. Mr Clinton did not need to raise marginal tax rates on anybody; he could have raised huge sums by restricting concessions such as mortgage interest relief (available on loans up to \$1m) and by taxing fringe benefits including generous corporate health plans.

If he still needed revenue he could have proposed a broad value-added tax at a rate of under 10 per cent. At minimal cost, he could have bought many Republican votes by indexing the capital gains tax for inflation. The present 28 per cent rate on nominal gains is high by international standards and may be impeding entrepreneurial activity.

Why were none of these economically rational options considered? The answer is simple. Mr Clinton believes higher public investment is necessary to raise productivity growth. And he wants to reverse what he regards as the unfair tax policies of the Reagan/Bush years. The plan has to be top-heavy with new taxes because "cuts" in old spending programmes are largely offset by new spending in areas such as education, infrastructure and technology. It has to raise top rates on the rich so as to be seen as fair.

In reality, the share of federal taxes paid by the wealthy rose in the 1980s while US manufacturing productivity growth outpaced that of rivals such as Japan and Germany. In a parliamentary democracy, Mr Clinton's plan would be invulnerable; that it is not is part of the strength of the US system.

No more Maastrichts

IAN DAVIDSON on EUROPE

The one thing we have learned for sure from the Maastricht treaty is that we must never go through that kind of thing again. We do not need and cannot handle another European treaty such as Maastricht; we must avoid a re-run of a ratification process, the main effect of which has been to drive a deep split through the centre of the European political establishment, and turn a large proportion, perhaps a majority, of the voters against the European Community.

The prolonged uncertainty over UK and Danish ratification has effectively paralysed the EC for about a year. That paralysis should now end. But in the meantime whole chunks of the treaty, starting with economic and monetary union (Emu), already look in need of an overhaul. The 12 member governments must do their best with the treaty they signed. But the voter support that would enable them to make a fresh start has been seriously alienated by the various struggles over ratification.

In the course of these struggles, the treaty has come in for many detailed criticisms, starting with the standard complaint that it is a confusing farrago of heterogeneous ingredients, prepared according to different recipes. Almost no one has a good word to say for it, unless they are being provocatively unconventional. But many of the specific criticisms of the Maastricht text are of little consequence compared with the central flaw which we can only now see with hindsight – the purpose of Maastricht was to take Europe a great stride forward, but the real political effect of the treaty-making process has been to make European integration more unpopular, divisive and difficult.

Unless we draw the right conclusions from the Maastricht experience, the inherent stresses of treaty negotiation, revision and ratification are likely to sandbag the Community over and over again, at considerable cost and no advantage.

Some say the Maastricht programme for Emu was always unworkable; others say that it is unworkable now. We shall see. But the really serious political flaw in the programme was not in the details, but in the attempt to make it compulsory.

We know why. The French wanted a binding commitment from the Germans now, because they were not sure they would get it voluntarily later. But this attempt to pre-empt the future was a fundamental strategic mistake, because it stirred up gratuitous opposition. Anxiety among the Danes was so intense that they have been allowed to opt out of virtually the whole of the treaty. The UK is excused from monetary union and the social chapter. And on the day, even the Germans will need a vote in the Bundestag to go ahead with monetary union.

We should not be surprised by this outbreak of political reality. If the big day ever comes, the transition to monetary union will obviously be a conscious act of choice, by each of the governments, with the explicit consent of their parliaments. It will not be made in obedient submission to the Maastricht treaty. If this simple truth had been clearly built into the treaty we might have had less trouble. There would have been no need for superfluous opt-outs, and the treaty could probably have been ratified with more speed and less fuss.

The lesson is obvious. With each new phase of integration, the EC is increasingly likely to encroach on national sensitivities. That will mean a simple three-way choice: to move at the pace of the most reluctant; to force the reluctant off the bus; or to embrace the principle of a variable-speed Europe as a desirable characteristic of the integration process, even more important than subsidiarity. If these are the options, the choice is easy. A Community of mature democracies should not compel the reluctant to act against the will of their electorates; and it should not allow the reluctant to exercise a veto on the enthusiastic.

The corollary is that future Community treaties need to be different in spirit from Maastricht: more general, less prescriptive, more elastic, less formalistic, more evolutionary. In the Maastricht treaty, the general and the particular are all bundled up together. As a result, if the Danes had said No the second time round, the others would have had no idea what to do next. It is absurd to walk into that kind of mess, and the 12 must make sure that they do not do it again.

This is not a purely theoretical problem. The Maastricht treaty provides for a review and renegotiation in 1996. But some elements of renegotiation need to happen earlier, partly to bring the Emu plan into line with economic reality, and partly because of the membership negotiations with four member countries of the European Free Trade Association. In these negotiations the 12 will ask the four to declare their whole-hearted commitment to the aim of a common foreign and security policy. But since three of the four are neutrals, such promises will be unreliable, and perhaps hypocritical. The 12 would do better to address openly the issue of a variable-speed Europe.

With the Danish vote, Maastricht has a reprieve, but it is no more than that. A very large minority voted against the treaty in France and Denmark. The polls suggest that popular opposition may be even greater in Germany and Britain. This is not a satisfactory basis for implementing the treaty. In domestic politics, perhaps, a majority is a majority, however small. But an evolving Community needs a much broader acquiescence. That in turn may depend on the recognition of national idiosyncrasies through the principle of variable geometry.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 23.05.93: Pool purchase price £/MWh	Final Prices for Trading on 25.04.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	23.27	18.03	18.03
0100	22.24	18.03	18.03
0130	34.00	18.64	18.64
0200	35.00	35.36	39.47
0230	35.00	35.36	39.29
0300	34.00	35.36	36.50
0330	20.28	21.00	24.43
0400	20.28	18.63	18.63
0430	20.28	18.46	18.46
0500	20.28	18.07	18.07
0530	22.38	18.07	18.07
0600	22.38	18.07	18.07
0630	22.38	18.09	18.09
0700	20.47	21.30	24.85
0730	20.47	21.30	24.78
0800	24.34	21.30	24.75
0830	24.23	21.35	24.79
0900	25.30	21.35	24.80
0930	25.58	21.35	24.80
1000	28.08	21.89	25.35
1030	28.08	26.99	30.65
1100	26.49	27.61	31.25
1130	28.49	28.85	32.41
1200	33.00	33.52	37.25
1230	34.00	33.52	37.24
1300	34.00	33.52	37.25
1330	28.22	28.85	32.42
1400	26.30	27.52	31.19
1430	26.30	25.89	29.52
1500	25.23	18.54	18.54
1530	18.67	18.11	18.11
1600	18.67	18.11	18.11
1630	18.70	18.09	18.09
1700	18.66	18.11	18.11
1730	26.30	18.11	18.11
1800	26.30	18.50	18.50
1830	26.30	18.50	18.50
1900	26.30	18.54	18.54
1930	26.30	25.89	23.32
2000	26.30	25.89	29.32
2030	26.30	28.94	32.48
2100	27.59	32.77	36.42
2130	28.41	32.77	36.38
2200	34.00	33.43	37.08
2230	34.00	32.77	36.45
2300	34.00	28.99	30.49
2330	27.59	26.40	30.04
2400	24.89	18.54	18.54

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.

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1/2 hour period ending	Provisional Price for Trading on 24.05.93: Pool purchase price £/MWh	Final Prices for Trading on 26.04.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	24.89	18.07	18.07
0100	24.89	18.03	18.03
0130	24.89	26.40	29.49
0200	35.00	26.40	29.25
0230	35.00	35.00	38.28
0300	34.00	35.00	35.00
0330	18.67	18.70	18.70
0400	18.67	18.60	18.60
0430	18.67	18.54	18.54
0500	18.67	18.46	18.46
0530	18.49	18.11	18.11
0600	35.00	18.11	18.11
0630	35.00	18.48	18.48
0700	34.00	19.00	19.00
0730	34.00	25.47	28.04
0800	25.46	25.55	28.07
0830	26.43	28.99	31.61
0900	27.54	30.14	32.80
0930	34.70	30.17	32.83
1000	34.71	30.17	32.83
1030	34.72	28.82	31.40
1100	34.73	28.81	31.38
1130	34.19	28.82	31.38
1200	36.14	28.83	31.41
1230	36.13	30.13	32.77
1300	36.08	30.09	32.88
1330	26.48	26.77	29.19
1400	26.44	25.53	27.92
1430	25.73	25.52	27.91
1500	25.73	25.52	27.91
1530	26.43	25.52	27.91
1600	26.44	25.52	27.91
1630	26.45	34.65	37.30
1700	34.02	35.01	37.67
1730	34.02	35.01	37.67
1800	34.01	25.65	28.09
1830	25.72	25.47	27.88
1900	25.72	25.22	27.64
1930	25.37	25.22	27.64
2000	25.37	24.65	27.05
2030	25.37	25.22	27.65
2100	24.61	36.00	38.75
2130	35.50	38.20	40.95
2200	35.50	38.20	41.00
2230	35.50	30.43	33.08
2300	25.37	24.65	27.08
2330	25.37	24.65	27.10
2400	19.00	18.54	18.54

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.

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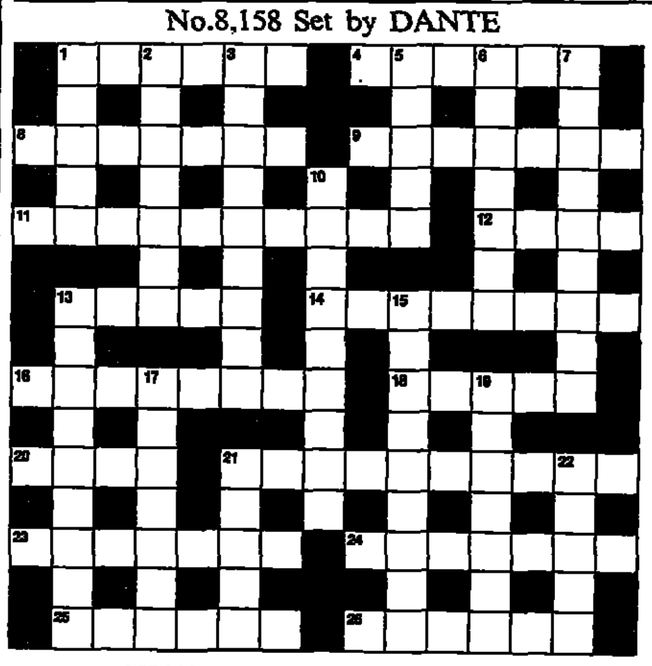
CROSSWORD

No.8,158 Set by DANTE



ACROSS

1 Crikey, Bunter left hardly any! (6)
4 Worker goes in taxi from Cambridge (6)
8 Mockery makes Bohemian girl weep (7)
9 Wild blow leads to dispute with non-intellectual (7)
11 I've acted on new indication of a deal (6,4)
12 Trees in Wilhelmstrasse (4)
13 Brought low since getting into debt (5)
14 The state of fried chickens? (8)
16 One who talks one round to see a musical drama (8)
18 Makers of song sheets, we hear (5)
20 Plan to put money in the kitty (4)
21 Needed to retaliate if your opponent gets the first blow? (6,4)
23 Turn, or intend to turn, Communist (7)
24 Exciting feeling (7)
25 Inventor returns, showing the Rugby match has ended (2,4)
26 There's a change in the Old Testament (6)

DOWN

1 Criticised about money issue (5)
2 Makes one of use if in trouble (7)
3 He serves little Arthur during drinking bout (9)
5 A sound opener to admire (5)
6 Representation of notable authors (7)
7 He hopes to gain from his betters (9)
10 Labour to put constraint on those available for employment (9)
13 Sort of ruler and a clergyman for several parishes (6,4)
15 Popular callings, perhaps (9)
17 Eccentric aunt upset about disease (7)
19 Looking out for a situation for the hands? (2,5)
21 The rate at which oceans rise (5)
22 In no circumstances is king to be taken up to flat (5)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday June 5.

هكذا من الأصل